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—says

Admiral Arthur W. Radford,
Chairman, Joint Chiefs of Staff

AN EXCLUSIVE INTERVIEW

Photograph by Willinger

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In thousands of communities throughout the country, taxpayers are finding that the operation of school buses is becoming an increasingly important responsibility. Greater attention is being paid not only to safety but to efficiency and economy.

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★ New Atomic Defense Ahead for Europe

Here, told for the first time, is the whole story of how Europe is to be defended in the atomic age. You get the hitherto secret plans for reorganizing defending armies . . . for delivering 800 atomic blows in a few hours . . . for dispersing the complex NATO structure . . . for moving Europe's defense line forward. See page 24.

★ Mystery Man Behind India's Attacks on U.S.

Why does India so often side with Communists and against U. S.? This, finally, is the inside story of the man most responsible, who may soon be India's Foreign Minister. Page 53.

★ Russian's Confession of a Basic Failure

Why Russia is in serious trouble today is explained in his own words by the Kremlin's top man. Khrushchev admits the food shortage is a failure of "collectivism." Page 58.

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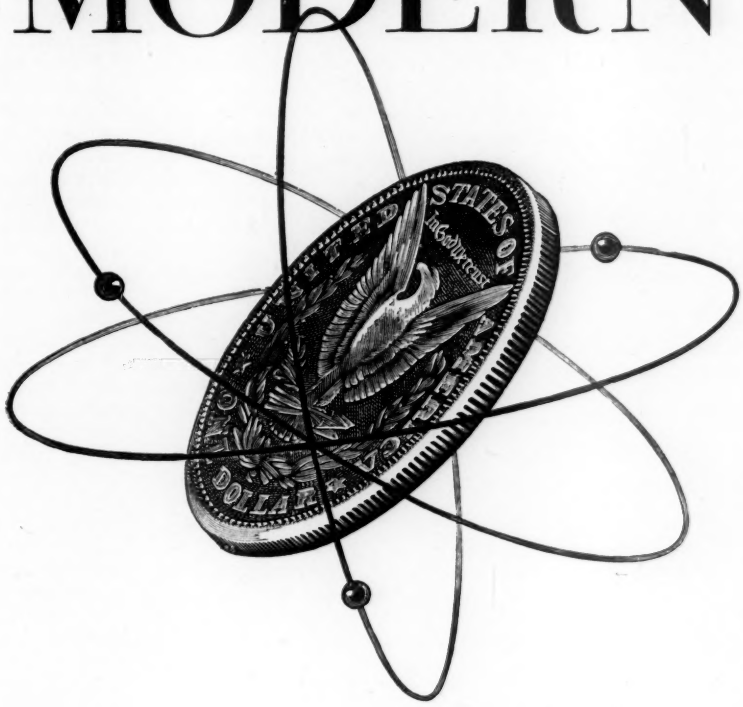

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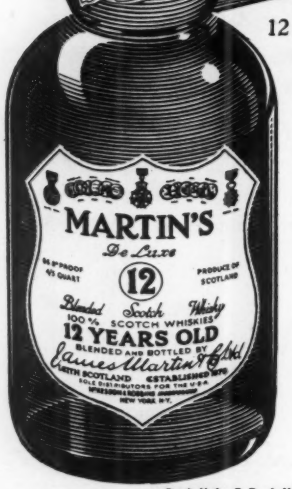

The March of the News

RUMBLE FROM RUMANIA

RUMANIA'S IRON CURTAIN was dented a bit at its outer edges. In Copenhagen, Denmark, a chauffeur for the Rumanian Legation asked for political asylum and charged that his wife was being held in the Legation against her will. In Bern, Switzerland, the Rumanian Legation was seized and held for 42 hours by a small band of heavily armed Rumanian anti-Communists. In Stockholm, Sweden, and in Washington, nervous Rumanian diplomats asked for police protection.

From Bucharest came charges that the Bern episode was a plot of the U. S. Central Intelligence Agency, and a demand for the extradition of the demonstrators, who had managed to slip across the Rumanian border into Switzerland.

From Swiss newsmen came rumors, surprising no one, that documents seized by the insurgents within the building—and later returned to the Rumanian chargé d'affaires by the Swiss—showed that the Legation was "a spy center."

POLITICAL STRAWS

CHICAGO'S STOCKYARD DISTRICT was bypassed in favor of San Francisco's Cow Palace as the 1956 site of the Republican Party Convention. The Republican gathering will open on August 20, which is just a week later than a tentative date Democrats are considering for start of their Convention in Chicago.

Political dopesters scented an Eisenhower nomination in the works. California is home territory for a number of important Ike backers. And Chicago is the unofficial "capital" of the anti-Eisenhower faction of the party.

Another straw in the wind: The Convention schedule would be streamlined, with four days of sessions, lasting from 2 p.m. to 7 p.m., Pacific Time, each day. That would hit the choice early-evening hours for East Coast television viewers, and be brief enough to keep intra-party squabbling at a minimum.

Radio and television officials were not happy, though. The split-city arrangements for the two Conventions meant a terrific boost in costs of airing the proceedings.

MAN-MADE DIAMONDS

THE WRITER who contended that "diamonds are a girl's best friend" might have to do a rewrite job. Modern alchemists of General Electric Company had produced man-made diamonds that met all the scientific tests of natural stones.

Produced so far: about 100 stones, the biggest of which is only one-sixteenth of an inch long and suitable for industrial use, rather than romance. Then, too, the stones now cost about twice as much as the real thing. "But," said a GE press release, "it is logical to assume research will find ways to produce larger stones and the cost will eventually be reduced to lower levels."

The London office of De Beers Consolidated Mines, Ltd., which controls about 95 per cent of the world's natural-diamond output, replied to questions about the new development with a succinct, "No comment."

DRAFTING FORMOSANS

YOUNG BLOOD was in prospect for Chiang Kai-shek's Nationalist Chinese Army on Formosa. Some 75,000 native-born Formosans would be drafted in the next six months, it was revealed.

Nationalist defense officials hope, by this move, to bring the average age of Chiang's ground troops down from about 28 years to 24 years.

CERTIFIED MAIL

LATEST WRINKLE in postal service is certified mail, which must be signed for by the recipient. Scheduled for a tryout in mid-March, the new service will cost 15 cents per letter, and will provide a cheaper alternative to the regular, 30-cent registered mail.

Certified letters will go on record in post offices, but will not be guarded at every handling post, as registered mail is. If a sender wants a return receipt, he will have to pay 7 cents additional for it.

DANGER SIGNS

HAZARDOUS DUTY is getting more hazardous, Assistant Defense Secretary Carter L. Burgess told a congressional committee. With jet planes in the skies, the Air Force ratio now is 1 death for every 5 accidents, compared with 1 in 13 back in 1930. With atomic submarines in the offing, higher speeds and longer submersions are increasing the dangers of submarine service.

Pilot turnover is so high that 10 men must be trained to produce a net increase of four pilots, Congress was told. And submarine-officer resignations are five times higher than in 1948. The Defense Department solution: higher pay for hazardous duty.

Saves $35 Deposit
"My telephone call to a vacation resort to change reservation on apartment saved the $35 deposit I would have lost."
Saves Pure-bred Cow
Telephone call brought veterinarian in a hurry. "Without it," says farmer's wife, "I would have lost a pure-bred cow."
Saves Days of Anxiety
"A telephone call quickly gave me the condition of my nephew after a major operation. I would have been wondering for days."
Saves $10 on Children's Coats
"The telephone helped me save $10 by taking advantage of a sale. I couldn't have left the children to go downtown."

How much Time and Money does the Telephone save for YOU?

A little while ago we left a questionnaire with some housewives and asked them to record the many ways the telephone helps them save time and money. Just a few of hundreds of answers are printed above.

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[Items appearing on this page are reported in Washington and other news centers]

Ike Sees Zhukov as Restraint on Reds . . . Kefauver Set for '56 . . . Acheson's View: Dulles Line Is "Soft"

President Eisenhower's tendency to let minor aides speak in the name of the White House is starting to cause confusion in some Government agencies and in Congress. One important official described the practice as "dangerous," particularly where Government concessions are involved.

★ ★ ★

Sam Rayburn, House Speaker, warned the President that his reciprocal-trade program would be in danger unless the White House showed more willingness to consider special foreign-trade problems of some sections of the country. Mr. Eisenhower, it appears, will find it necessary to do business with the Democratic majority in Congress if he wishes to get favorable action on things he wants.

★ ★ ★

The $100-a-plate dinner honoring Speaker Rayburn is regarded by younger Democratic hopefuls as a good starting point for a "stop Stevenson" movement. Adlai Stevenson is far from assured of a renomination by the Democrats in 1956.

★ ★ ★

Senator Estes Kefauver, of Tennessee, who proved the best Democratic vote-getter in 1952 presidential primaries, is getting all set for 1956. Those who worked for the Senator last time are not being discouraged in making an early start.

★ ★ ★

Leonard Hall, Chairman of the Republican National Committee, now has much more power than he formerly had over White House patronage decisions, involving high office as well as run-of-mine federal jobs.

★ ★ ★

Ezra Benson, Secretary of Agriculture, is reported to feel that there still are too many Democrats in policy-making positions within his Department. Mr. Benson is pictured as planning more personnel changes.

★ ★ ★

A White House official says that all White House contacts except one have been pretty much closed to Senator McCarthy, even though he is a Republican. This official says it is too bad that hotheads insisted upon generating a fight between the President and the Wisconsin Senator, and that this could have been avoided.

★ ★ ★

Leaders of Democrats in Congress regard studies of the commission headed by Herbert Hoover and aimed at Government reorganization as an attempt to open up jobs for Republicans. Action based on the Hoover Commission studies is likely to be very cautious.

★ ★ ★

Diplomats at the Soviet Embassy in Washington, who seemed relaxed and appeared to be enjoying themselves a few weeks ago, are back on a more reserved course once again. The experiment in social "coexistence" turned out to be short-lived.

★ ★ ★

Sir Winston Churchill, Britain's Prime Minister, blames the Socialist regime that preceded him for mistakes in defense planning that now show up in failure of military-aircraft programs and in a serious decline of the British Navy. The Socialists got things quite tangled up.

★ ★ ★

Within jet-fighter range of Siberia, in Northern Japan, is a U. S. Air Force base with all installations underground. Bombing capacity of this one base is in excess of all aerial bombardment during World War II, for both sides in that war combined.

President Eisenhower has told friends that he feels the presence of Marshal Georgi Zhukov in the job of Defense Minister of the Soviet Union will be a restraint against rash action that can lead to war. It will not be surprising if Mr. Eisenhower writes the Russian Marshal—his wartime friend—a personal note outside diplomatic channels.

★ ★ ★

British military chiefs now are dickering over whether atomic-bomb stockpiles might be made mutually interchangeable in event of war. In other words, they would like to be able to pick up bombs from U. S. depots and give U. S. the same right from British depots.

★ ★ ★

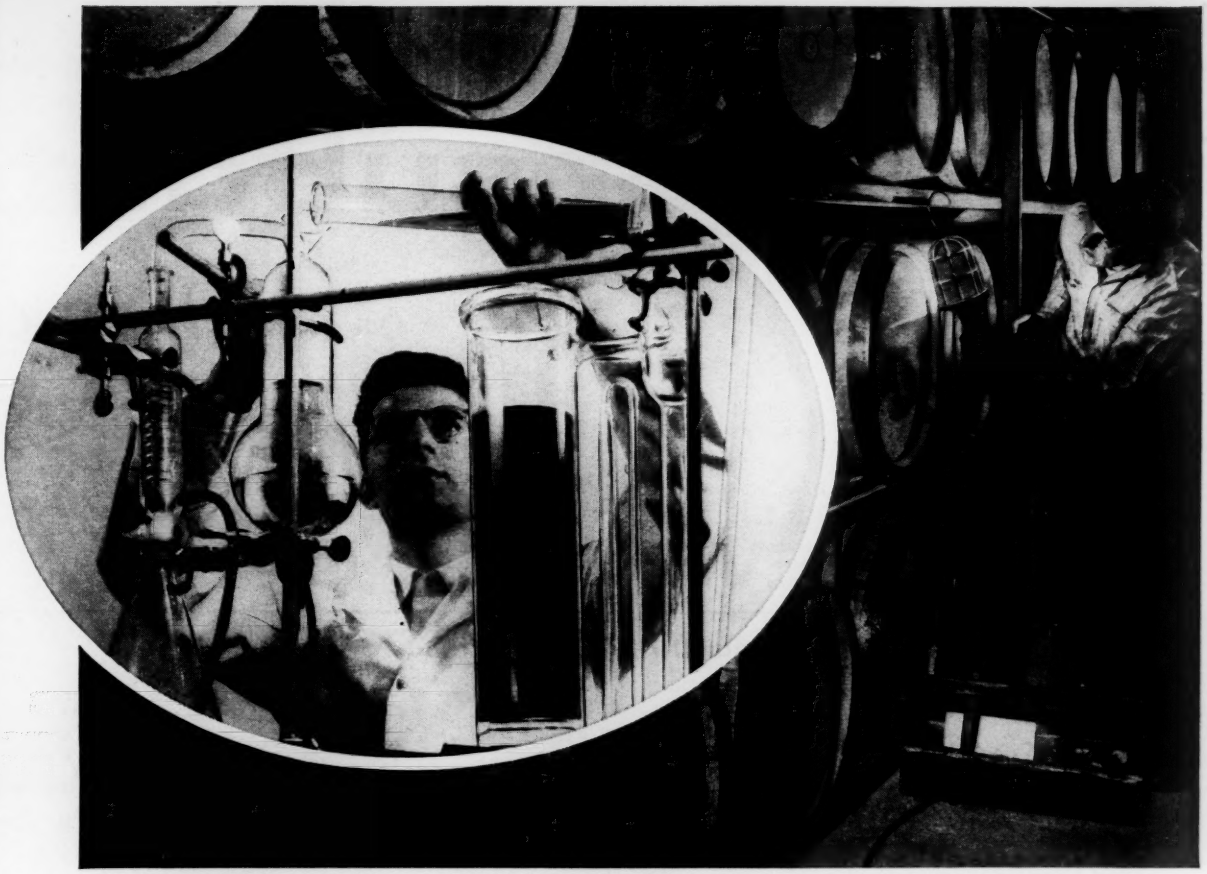
Gen. George C. Marshall and the Army are to be blamed—in a history of the Pearl Harbor disaster being written by the Navy—for delay in communications that could have warned of the surprise attack.

★ ★ ★

Dean Acheson, Secretary of State under President Truman, is expressing the opinion that John Foster Dulles, present Secretary of State, is not maintaining as firm a line as the Truman Administration in dealing with Russia. Mr. Acheson indicates an impression that the Republican Administration is softer on Communists than were the Democrats.

★ ★ ★

Chiang Kai-shek, head of the Nationalist Chinese Government on Formosa thought he had in writing a promise from the U. S. to defend the islands of Quemoy and Matsu, but later learned that he did not. U. S. diplomats are leaving open the way for a deal that would give the Communists these islands for a promise not to attack Formosa.



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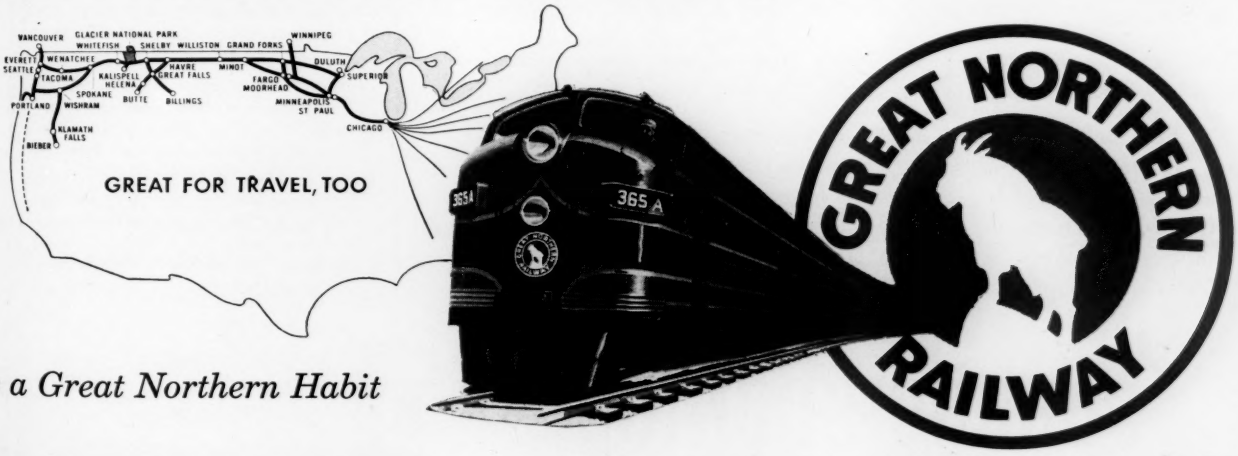

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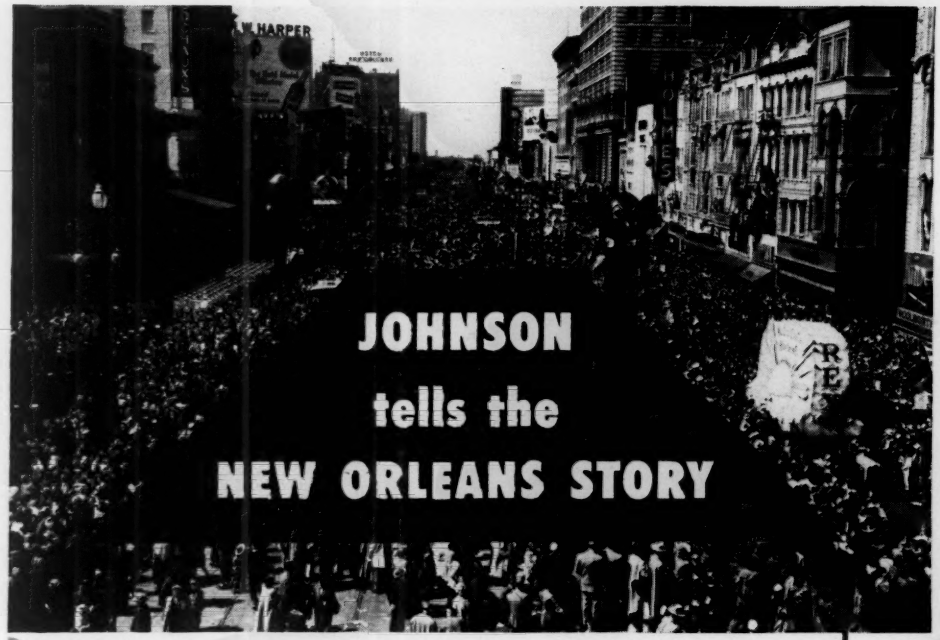

JOHNSON tells the NEW ORLEANS STORY

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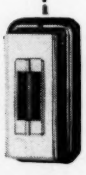

FROM THE NATION'S CAPITAL

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A LOOK AHEAD

Newsgram®

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Eisenhower appears to be as good as renominated now. Republicans are determined to run him in 1956. The President no longer resists very much.

Ike, running again, is going to be hard to beat.

Democrats, to win, may have to gamble on a business slump or on new trouble abroad that will cause people to be more irritated than now.

Business outlook, as of now, definitely favors the Republicans.

Auto sales are running ahead of all expectations. Building boom is holding its momentum. TV and appliance sales are high and rising.

Business cycle is turning in an upward direction. A cycle turn, once started, tends to run a good deal longer than a few months. On the basis of past experience, good times will run well into, or beyond, 1956.

Of course, not every line of business will be good at once. Also, not every city or area will share fully in the developing prosperity.

Farm areas, in some parts of the country, are affected by lower prices. Hog-price decline affects income in the corn-hog areas. Textile-producing centers are not all sharing in the recovery in that big industry.

Business generally, however, is good and getting better.

Timetable of 1955 trends, now quite clear, is this:

First quarter, a period of broad but moderate rise in business.

Second quarter, the rise to continue.

Third quarter, leveling off or some slowing, due mostly to vacations.

Fourth quarter, rise to resume and to carry into 1956.

There is coming to be quite general agreement that the first quarter of 1956 will be good. After that it's a little difficult now to be sure.

Chances are that the world will quiet down somewhat, too.

Communist China, making a lot of noise, cannot do anything without the full backing of Russia. Russians have to guarantee the weapons.

Russia, however, is having her own troubles. Chinese probably are smart enough not to get out on a limb when they're not sure of Russian aid.

You're going to see a lot of threats, little or no action.

Formosa, by treaty, will be defended by U.S. U.S. bases are going in there. Commitments made are firm, with Communists denied this island.

Quemoy, Matsu, two coastal islands, probably will be defended by U.S.--directly or indirectly--if they are attacked. If these islands go to

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Communists, the problem of defending Formosa then gets much more complicated.

British just now are all excited about Quemoy and Matsu.

There's this to bear in mind: U.S., by restraining the Communists around Quemoy and Matsu and Formosa, very probably is enabling the British to keep rich Malaya without fighting a major war. Over the long run, this risk taken by Americans may have much to do with the safety of two other parts of the British Commonwealth--Australia and New Zealand.

Communist Chinese, tied down at home, can't venture so far afield.

It is being said in Britain that U.S. is crazy to show interest in some islands 6,000 miles from home and less than 6 miles from China's mainland.

Britain, it turns out, is herself prepared to defend an island less than 1 mile from China's mainland and 8,000 miles from home. This island, Hong Kong, is an example of British colonialism that always has irked Chinese, who never have relinquished their claim to its title.

U.S., by defending the Formosa area, is saving Hong Kong for Britain.

Americans are getting a lot of abuse for their effort, but will grin and bear it. Reason is that Formosa is important to defense of the Philippines and Japan, as well as to Southeast Asia. It's all quite involved.

Most important single fact in the world today is this:

Capitalism, wherever applied, is flourishing, a boon to people.

Communism, at the same time, is in deep depression, a bane to people.

Communist Russia is in a very bad way. Farmers are dragging their heels, sabotaging production. Workers are in a slowdown, failing to increase output per man-hour. Consumers lack the barest necessities that capitalism offers in such abundance. Communism has proved unable to satisfy human wants.

Satellites are in even a deeper depression than Russia.

Basic difficulty of Communism is just beginning to dawn on officials. Socialism in Britain, other places, revealed much the same difficulty.

The central trouble: Planners in an office simply cannot substitute their judgment and decisions for the market place. Central planners can build power plants, steel mills, even railroads. They cannot take the place of individuals, using individual ingenuity and initiative to try to satisfy the myriad wants of all kinds of people--going broke if they fail, reaping rich rewards if they succeed. Communism never has done anything but show an ability to produce standardized armament and basic industrial materials.

Communists, failing, try to succeed by throwing a lot of customers into concentration camps, turning them into slaves, or killing them off.

It's dawning on some officials that people in Communist countries may be getting fed up with failure; that they're in a mood to try change.

Policy line for U.S., very probably, will begin to shift away from the idea of "coexistence," to the line of getting over to peoples back of the Iron Curtain the true story of their plight compared to that of others. The appeal will be to those who might want to try something different and better.

A complete breakdown of Communism is not impossible. Chances are that a political blowup will occur before that breakdown develops.

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576 million gallons of water in 9600 hours

. . . that's average for a Chrysler Industrial V-8-powered irrigation pump in West Texas

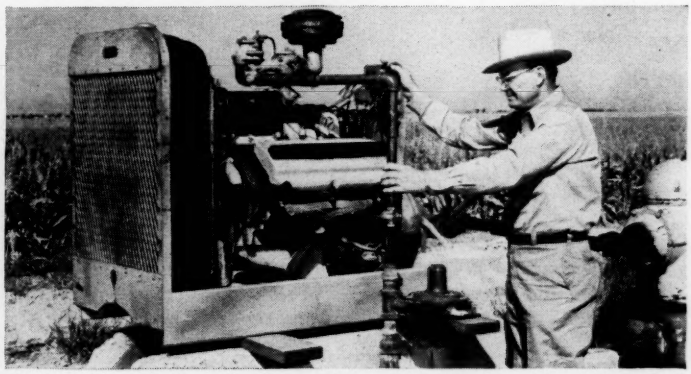


Photo courtesy Louthan-Dowell Motors, Lubbock, Texas

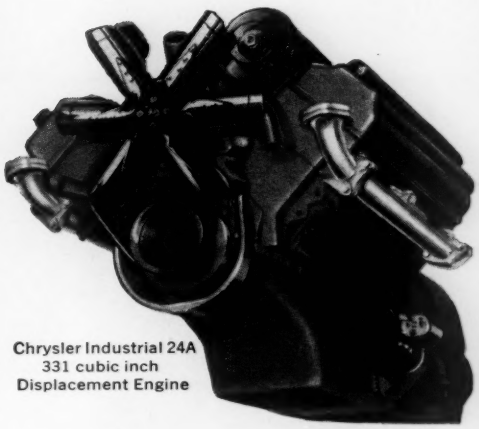
Lloyd Huffaker, Lubbock, Texas, stands beside his Chrysler Ind. 24A-powered irrigation pump. In 2½ years, Mr. Huffaker has irrigated three crops of cotton, maize and alfalfa, his pump and Chrysler Industrial Engine operating approximately 133 twenty-four hour days during each season. Pump has delivered an average of 1000 gallons per minute, for a grand total of 576,000,000 gallons of water. Total maintenance repair in 2½ years: One set of spark plugs and three sets of points installed at total cost of $10.00. If the total revolutions this engine has turned were reduced to miles, they would equal approximately 336,000 miles—or more than thirteen times around the world.

Ask any grower in West Texas what the local performance record for an irrigation pump is and, chances are, he won't know . . . records are broken every day in Texas. He just assumes his pump will bring water up approximately 320 feet in sufficient quantity to irrigate his entire crop every day of his 120 to 200 day growing season.

But ask any West Texas grower *what engines* power his irrigation pumps, and if he's like better than 85% of West Texas growers, he'll tell you — Chrysler Industrial. And if you ask him why, you will get an answer based upon better than fifteen years experience — his own and his neighbors'.

For instance, a West Texas grower might tell you that, among lightweight high-speed engines operating on either butane or natural gas, Chrysler is the only engine equipped with all the truly *industrial* engine features. As examples he could mention features like sodium-cooled exhaust valves with extra-hard stellite valve heads and valve seats, heavy duty induction hardened crankshafts and large tri-metal bearings. Finally he would probably point out that a single Chrysler Industrial Engine has been driving his centrifugal pump nearly ten years without a major overhaul while during the same period competitive power plants may likely have required two or three overhauls.

If it's real industrial power *you* need . . . for irrigation or any other equipment, you can't buy an industrial engine to equal Chrysler, 230 to 413 cubic inches displacement. For details, see a Chrysler Industrial Engine Dealer, or write: ***Dept. 42, Industrial Engine Division, Chrysler Corporation, Trenton, Michigan.***



Chrysler Industrial 24A
331 cubic inch
Displacement Engine

CHRYSLER
Industrial Engines

INDUSTRIAL ENGINE DIVISION • CHRYSLER CORPORATION

HORSEPOWER WITH A PEDIGREE

PEOPLE ★ ★ ★

OF THE WEEK

➤ **LEONARD W. HALL,** the Chairman of the Republican National Committee, is gaining more and more influence at the White House. He calls upon President Eisenhower with increasing frequency, and the President's improving skill in politics is laid in large part to hints imparted by Mr. Hall.

The political craft of the Chairman now is being directed toward assuring the smooth, uncontested renomination of Mr. Eisenhower for a second term. Until a few weeks ago, Washington was full of reports that the President might not run again, that Mrs. Eisenhower was persuading him to settle down on their Pennsylvania farm for a little private living. Other potential candidates still held hopes. Mr. Hall then began talking quietly about his "assumption" that the President would run; party orators fell in line. Last week, with the President's agreement to a late 1956 nominating Convention in San Francisco, Mr. Hall was confident the renomination was pretty well set.

The Chairman has a reputation as a middle-road Republican who gets along well with diverse personalities in the party. When chosen Chairman nearly two years ago, he had the backing of former Governor Thomas E. Dewey, of New York, and the late Senator Robert A. Taft, of Ohio. Mr. Hall, 14 years a Congressman from New York, has headed the Republican Congressional Campaign Committee in the past, kept hands off the 1952 Taft-Eisenhower battle.

—United Press

REPUBLICAN CHAIRMAN HALL
. . . gaining in influence

➤ **THE PRESIDENT'S DOCTOR** decided rather grimly last week, while Mr. Eisenhower was nursing a cold, that from now on he will be sure to go with the President on all trips. The physician, **Maj. Gen. Howard McCrum Snyder,** almost always travels with Mr. Eisenhower. But, when the President went quail hunting in Georgia, the doctor stayed home. The President hunted in rain and wind, caught cold.

As a rule, the White House doctor sees Mr. Eisenhower every day, gives him a checkup once a week and a complete examination every six months. A month ago, General Snyder reported his chief was in "excellent shape," but added: "I want him to get out and get enough exercise to keep up his muscle and circulatory tone."

Usually, General Snyder is reluctant to discuss the President's health. The two men are old friends. General Snyder became White House physician upon Mr. Eisenhower's inauguration. The doctor, now 74, had been on General Eisenhower's staff in both Washington and Paris.

➤ **UTAH'S GOVERNOR,** an outspoken Republican named **J. Bracken Lee,** aroused speculation that anti-Eisenhower Republicans might try to found a third party—but politicians who met with him in Chicago deny such a movement is in

(Continued on page 16)

—United Press

FOR NIXON'S EAR, TALES OF TROUBLE

➤ **VICE PRESIDENT RICHARD M. NIXON,** on tour in Central America and the Caribbean, is finding hosts of problems that concern the U. S.

Cuba, for instance, fears new sugar-marketing quotas, giving Cuba a smaller slice of U. S. sales. In El Salvador, the decline in coffee prices that cheers U. S. housewives brings gloom to a nation that depends for a living almost solely upon growing coffee beans. Even eating habits raise problems. The U. S. is trying to induce Salvadoreans to grow U. S. types of corn to increase yields for food. Trouble is, adaptable U. S. types are yellow and the Salvadoreans want white corn for tortillas.

One of the most enthusiastic receptions Mr. Nixon received was in Guatemala (see picture), where the U. S. is concerned about Communist attempts to gain a foothold in the Americas. In speeches, Mr. Nixon left the impression that more U. S. aid for the anti-Communist regime will be forthcoming.

The Vice President's visit to 12 countries, to end March 5, is shaping up ideas about many things the U. S. can do to tighten friendships.

BETTY FURNESS SAYS:

"No elevator operator . . . but in this full water-glass test I didn't spill a drop!"

New Westinghouse Elevator Control Ends Annoying "Door-Scare" Forever

Delighted passengers in heavy-traffic buildings report complete confidence in Westinghouse Operatorless Elevators with exclusive new TRAFFIC SENTINEL.

The last objection to heavy-duty operatorless elevators has been overcome once and for all by exclusive New Westinghouse TRAFFIC SENTINEL. This remarkable elevator door control forever eliminates frightening, irksome, premature door-closing movements which can startle passengers.

Proved By Water Glass Test

On Westinghouse Operatorless Elevators, equipped with exclusive new TRAFFIC SENTINEL, the car and corridor doors remain completely motionless while passengers are entering or leaving.

Gone is any trace of passenger anxiety, worry or "door-scare." TRAFFIC SENTINEL guides Westinghouse Operatorless Elevator doors with its "electronic hand" far more expertly than the most highly trained operator.

There is positively no movement of the open doors—a full glass of water held next to them will not spill a drop.

Invisible Beams Control Doors

Invisible infra-red beams "watch" passenger movement and synchronize door closings automatically according to traffic flow. They adjust door-open time differently for passengers entering and leaving the car and close doors only after the last passenger passes safely through.

Tenants—to a man, woman, and child—are delighted and amazed at this mind-reading marvel.

Cuts Door-Open Time

TRAFFIC SENTINEL not only inspires complete confidence among passengers *but* speeds traffic movement by eliminating all unnecessary door-open time.

If you are thinking of new building or modernization, we'd like to show you TRAFFIC SENTINEL and discuss elevatoring in general. Call our nearest office today, or write Westinghouse Elevator Division, Dept. SPX, 9 Rockefeller Plaza, New York City.

Westinghouse Elevators

YOU CAN BE SURE...IF IT'S Westinghouse

J-98717

the wind. And, as a practical matter, the Governor says he would not personally lead another political group and anyone who might hope for a third-party election victory "is expecting too much of human nature."

The Governor is something of a political phenomenon. After he took office in 1949, he fired many employes, hired few; he trimmed money for education, vetoed bills for veterans' aid. He even turned down federal grants, in order to save Utah the money needed to match them. Politicians calculated that he was digging a political grave very rapidly, but in 1952 his election majority was even greater than it had been in 1948.

As a winner in 1948, when Republicans lost nationally, Governor Lee was invited to help redraft party policy. He startled his fellow Republicans with the blunt charge that the party preferred to criticize rather than to offer sound policies. "They wanted to write something to please everybody," he commented.

Now, after two years of Republican rule, he says: "I believe we've gotten farther to the left in the last two years than at any other time in our history."

› **A JUDGE** from South Dakota, who has served four years as a justice on the State's Supreme Court, is President Eisenhower's selection to fill a vacancy on the National Labor Relations Board. He is **Boyd Leedom,** and his appointment already is stirring up opposition from labor unions that have had previous business with him.

Last year, Justice Leedom handled a docket of grievance cases for the National Railroad Adjustment Board. "His rulings," the official newspaper of the rail unions charges, "were so top heavy 'pro-management' that the operating brotherhoods strongly opposed his reappointment as a referee for any cases."

Senator Francis Case (Rep.), of South Dakota, a friend of Justice Leedom, backs him for the appointment, says: "In my book, he is the top kind of a man for that kind of job—not a champion of management and not a champion of labor."

Another nominee for the NLRB, Theophil C. Kammholz, also is awaiting Senate confirmation, held up so far by Democratic charges that Mr. Kammholz is on the side of management. Neither man is likely to be approved without searching committee examination.

Justice Leedom, 48, is a Republican. Before his appointment to the South Dakota Supreme Court, he was in private practice at Rapid City, S. D. He served in the Navy in World War II, later was a State senator for two years.

A FINGER IN THE WIND

—USN&WR Photo

› **NEW SENTRY** on the hurricane watch as head of the U. S. Weather Bureau's Hurricane Warning Center at Miami, Fla., is a specialist in tropical storms, **Gordon E. Dunn.** When the hurricane season hits its peak next September and October, Mr. Dunn thinks he will be able to track the storms more accurately.

Biggest help to him will be a strategically placed new radar station at Hatteras, N. C., to scan storms constantly in an area where they pick up speed to smash northward. Radar sees a storm in cross section (below) by picking up rains that whorl around the hurricane's eye.

A career weatherman for 30 years, Mr. Dunn was in charge of the forecast center at Chicago until detailed to Miami. In World War II, he was commended for accurate forecasting for long-range bombers in the China-Burma-India theater, where extremes of tropic and mountain weather had to be predicted.

—U.S. Navy

› **A NEGRO LAWYER** who was active in legal argument to end separate white and Negro schools in the South is to become the first of his race to be a high official in the government of the District of Columbia, if the Senate approves his appointment. The lawyer, **George E. C. Hayes,** was nominated last week by President Eisenhower to be a member of the D. C. Public Utilities Commission. Mr. Hayes, a Republican, was a pre-nomination supporter of Mr. Eisenhower for President.

As a lawyer, Mr. Hayes has handled both civil and criminal cases, but he says he has not had extensive experience in finance or utilities regulation. He is a past member of the District's Board of Education and has been very active in legal action to end racial segregation in the capital, where 40 per cent of the population is Negro. He has been identified with suits to admit Negroes to restaurants and theaters, and argued before the U. S. Supreme Court in the historic school-segregation cases last year.

Mr. Hayes, now 60, has lived in Washington since he was 4 years old, was educated at Brown University, Providence, R. I., and Howard University in Washington.

› **MAO TSE-TUNG,** top ruler of Communist China, is emerging as a kind of Chinese Stalin, a man of undisputed authority. As of now, he may swing more weight in international Communism than even Nikita S. Khrushchev, Secretary of the Soviet Communist Party.

Mao, like Stalin, never bowed to anyone else's discipline. A quarter century ago, his armed revolution in the hills conflicted with policy laid down by party leaders living underground in Chinese cities. It was Mao, educated in China, not some Moscow-trained Communist in the underground, who became the unchallenged leader. His control of the Army and party, and of policy decisions is complete. Premier Chou En-lai announces and carries out decisions; Mao makes them.

Mao's position among world Communists may well be illustrated by the fact that, five years ago, it was he who went to Moscow, for the first time, to negotiate with Stalin. A few weeks ago, men presently in power in Moscow—Khrushchev and Premier Nikolai A. Bulganin—were the ones who traveled to see Mao. And, last week, it was not Khrushchev but Mao, in one of his rare public pronouncements, who said that, if it came to war with Western nations, China and Russia "will certainly wipe them clean from the surface of the earth."

Money for your jeans

Bank loans play an important part in clothing America. Here's how:

• • •

Before 1830 you couldn't have bought a pair of ready-made work britches for love or money.

But came the sewing machine, and a handful of enterprising Americans hitched up their homespuns and went to work to make the ready-to-wear business a major industry.

Today U. S. manufacturers produce better than $11,000,000,000 worth of apparel annually.

Here's the kind of help they get from America's bankers.

At the outset bank loans help apparel manufacturers buy vast quantities of finished cloth from textile mills. Bank loans pitch in to help meet cutting, manufacturing and distributing costs. They also contribute to the improvement of production techniques and new equipment for plants.

And . . . they do more, too.

On the consumer level, bank loans frequently help retailers set up shop with enough sizes, styles and patterns to meet the requirements of everybody in the community.

Loans like these put money to work and thus naturally put men and women to work. This leads to a plentiful supply of goods and a wider distribution of wealth. Multiplied by many industries it becomes one of the most progressive forces in America for providing a wider choice of fine products for all to enjoy.

The Chase National Bank, a leader in loans to American industry, is proud of banking's contribution to the progress of our country.

The CHASE National Bank
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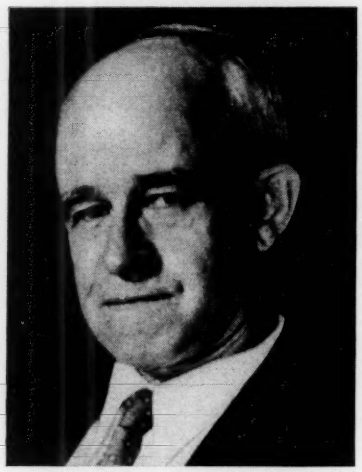


Omar N. Bradley, General of the Army, Chairman of the Board, Bulova Research and Development Laboratories, Inc. The Bulova Watch Company owns and operates watch plants in both Switzerland and the U. S. The Bulova Research and Development Laboratories are engaged in advanced research in the field of subminiaturization and related high precision defense problems.

AN OPEN LETTER ON AMERICAN DEFENSE AND PRECISION WATCHMAKERS

by General of the Army

OMAR N. BRADLEY

"May I speak up?"

I IN A DEMOCRACY, every citizen has the right to speak up and be counted. I should like to exercise this right. I have a simple reason: the belief that many people in the U. S. and in Switzerland largely misunderstand the *defense characteristics* of the crucially-important watch manufacturing industry in the United States.

President Eisenhower last July announced an upward adjustment of tariffs on certain imported watch movements. Many people on both sides of the Atlantic have wondered what the U. S. "really had in mind" when this action was taken. What the Government had in mind, I suggest, was National Defense and the defense of the free world—nothing more.

You should know that the President made the adjustment after two things happened:

— *the Tariff Commission itself twice recommended the step;*

— *a special committee set up by the Office of Defense Mobilization said that the watch industry was vital and had to be preserved for defense purposes.*

II IF I WERE SPEAKING only as a watch company stockholder, I would encourage my company to import an even greater percentage of its watch movements from Switzerland. It can make more profit on these than it can on domestically-produced watches.

But I have spent most of my life as a soldier. It is because of my lifetime interest in national defense that I am making this statement. During the two world wars we fought to preserve freedom in the Western World, I saw at first hand how vital were precision devices and precision weapons. Later, as head of the Veterans Administration, I became more intimately aware of the precision skills required of watchmakers, through training programs which were being conducted at that time. I cannot forget that the instrumentation in a single heavy bomber requires over 3,000 jeweled bearings, and that these can only be made by companies possessing watchmaking skills.

No other industry has these skills organized for production. No other industry is prepared to work to tolerances as low as millionths of an inch. No other industry

can mass-produce devices sensitive to temperature variations of millionths of a degree.

Some other industry might, of course, "tool up" and train personnel for such precision work. That would take years. And that might be too long.

Only 4,000 precision watchmakers are left in America. There were 10,000 in 1948!

III CONCERNED by such facts, the Office of Defense Mobilization (through its Director, Dr. Arthur S. Flemming), told its Inter-Departmental Committee to make another special study. The committee was not concerned with questions of commercial competition, but with matters of defense. Among its findings were:

1. The number of workers in watchmaking plants in the U. S. had fallen below the level required for defense purposes.

2. Watchmaking skills cannot be "stockpiled" or put on a standby basis.

3. The only way to preserve such skills is to keep the watchmakers busy manufacturing watch movements.

Other committees had reached the same conclusions.

IV JUST RECENTLY, confusion has also arisen because the Treasury Department, through the Bureau of Customs, has proposed a ruling to stop the practice of "upjeweling." U. S. tariff on a watch movement is based on number of jewels or substitute jewels it contains; as jewel count increases, tariff rate increases. "Upjeweling" is a system by which imported watch movements, once through customs on a low-jewel, low-tariff basis, can be easily and cheaply "upgraded" by the addition of more jewels—put into conveniently provided places.

Plainly this practice has the effect of evading the intent of U. S. Government regulations, and the President's decision. The Government simply closed this loophole. Its ruling applied to all imported watch movements—regardless of the country of origin.

This new action on upjeweling does nothing more than give effect to the President's previous conclusion that it was essential, *solely for reasons of defense*, to preserve a hard core of watchmaking skills in this country.

V THE SWISS are excellent watchmakers. This is demonstrated by the fact that they already have 85 per cent of the U. S. market and 90 per cent of the world market. It is relevant that last year, 1954, American production of jeweled watches shrank to 1,700,000 units (down from over 3,000,000 in 1948), although U. S. citizens last year bought approximately 10,200,000 jeweled watches.

As one who believes in the principles of world trade, I applaud this. Nations which can make good products at low prices, ought to have access to the world market. The world will prosper as a result. This is the basic principle behind the Government's reciprocal trade program, in which I deeply believe.

But let us also keep in mind that when Cordell Hull enunciated the principles of the reciprocal trade program more than twenty years ago, neither he nor President Roosevelt was seeking the instant *abolition* of all tariffs. On the contrary, the idea was that trading nations could *negotiate* tariffs one with another, to the mutual advantage of the nations involved. It was Cordell Hull's concept that free trade is as strong as its exceptions, and defense industries are the exception which give sense and flexibility to any reciprocal trade program.

Thus it is wholly consistent that President Eisenhower should currently be advocating extension of the reciprocal trade agreements program and, at the same time, should be mindful that watchmaking skills in this country are vital and must be preserved for the protection of this country and our allies. In case of war, Swiss production facilities might not be available to us.

VI IN A DEMOCRATIC society every principle has its limitations which strengthen it. We believe in free speech, yet we limit it by our libel laws. We believe in freedom of assembly, yet we limit it by laws against riot. We believe in freedom of information, yet we guard our atomic secrets. *We believe in free trade, yet we preserve our defense industries.*

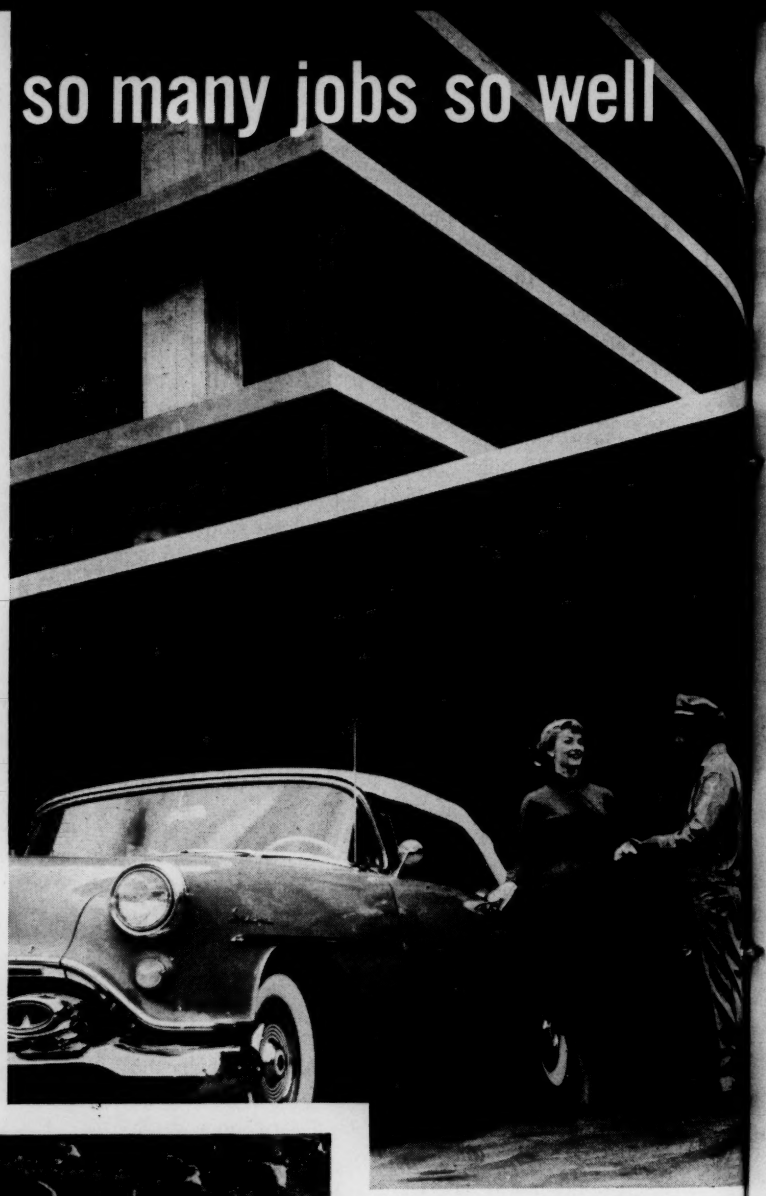
All Americans who value the friendship of the Swiss, and who understand also the vital nature of the U. S. watch industry, have reason to hope that our government's action in this matter will be clearly understood for what it is—an action designed to preserve a crucially important defense industry and thus contribute to the defense of the free world.

Omar N Bradley

Only STEEL can do so many jobs so well

FRESH AIR DESIGN. That startling building is a *parking* garage. The walls are made from over 11 miles of USS Stainless Steel strand, held tight under 1,000 lbs. tension with American Quality Springs. The strand prevents cars from rolling overboard, and makes this garage one of the most beautiful buildings in Chicago.

PORTABLE STEAM. It's actually a steam radiator, but you can move it to any room and plug it into any wall socket for fast, even fume-free heat. The radiator is made entirely from USS Steel. As a result, the unit is light and strong; and it heats up 4 times faster than a comparable cast iron radiator.



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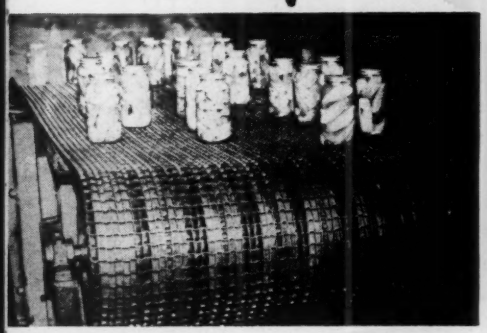

HOT PICKLES. Those bottled pickles are taking their last ride on a USS Cyclone flat wire conveyor belt. Notice the open mesh that allows heat and steam to escape. Cyclone makes all types of conveyor belts, including types that can actually go around corners.

TOMORROW'S SIRLOIN STEAK needs a square meal today. In the South, many farmers treat their pastures with USS Basic Slag—a high phosphorus, high-lime by-product of U. S. Steel's southern steel making process. Basic Slag encourages the growth of thick, rich pasture grass.

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UNITED STATES STEEL HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY 5-84A

WHAT CONGRESS WILL LEARN ABOUT STOCKS

Prices High—Supply Limited—Demand Rising—Earnings Up

Don't look for anything too sensational to develop out of the Senate's coming investigation of the stock market.

The fact is that the market rise, though sharp, still doesn't look like a runaway.

Stock prices are hitting new highs. But so are dividends. Profits are near a record.

Senators will find more stock buying on the cuff, more speculation, more people going in for the "long shots."

Typical investor, even so, is likely to show up as the man buying for dividends, for long-term growth, not for a fast profit.

The frenzy of 1929 hasn't developed yet.

NEW YORK

What a Senate investigation is going to disclose about the rise in prices of common stocks is simply this:

- There is a vast amount of money in this country seeking investment. Latest estimates are that people hold more than 200 billions in liquid savings.
- Common stocks, long out of favor with investors, once again have appeared attractive.
- The return from stocks usually is bigger than from bonds.
- The outlook for profits—and dividends—is more favorable for 1955 in most industries and in many companies than it was in 1954.

Investors, as a result, recently have shown more inclination to put money into stocks. In recent years, too, university endowments, estates, investment trusts and pension funds have added substantially to common-stock holdings as a way of getting higher income to offset rising costs and inflation. These institutional buyers generally began accumulating common stocks before they became so attractive to the general public.

Public demand for stocks thus is running into a situation where owners of stocks often are unwilling to sell except at substantially higher prices.

Prices higher than in 1929. In the face of that situation, stock prices, as measured by the Dow-Jones industrial average, have risen 60 per cent in 16 months. The average is more than twice as high as after World War II and even has advanced above the previous peak of the 1929 boom.

The level of stock prices, however, is not likely to surprise Senate investigators. During the postwar years, when inflation was sending up the prices of commodities, real estate and most other things, stocks lagged behind. Now stocks are catching up.

—USN&WR Photo

VISIT TO THE BROKER
. . . reflects confidence in the future

Prices, moreover, do not seem to be out of line with present earnings. At the recent high, stocks in the Dow-Jones list sold at 15.4 times average earnings. That is a smaller ratio than in other boom markets. At the 1929 high, stocks were priced at 19.1 times earnings; in 1937, at 17.5, and, in 1946, at 20.8 times earnings.

Furthermore, there is the prospect that profits and dividends will be higher for many firms this year.

The price of stocks is only one aspect of the stock market that is to be studied. Beyond that, investigators want to know whether there is anything unusual behind the rise, whether the public is about to go on another speculative spree. In this search they will discover a number of things.

More trading on margin. Borrowing money to buy stocks definitely is increasing. A check by the New York Stock Exchange showed that, on two days last December, 52 per cent of individual stock purchases were made on margin—with borrowed money. That compares with 45 per cent in March, 1953, and only 34.2 per cent in September, 1952. At the end of last year, customers owed their brokers 2.4 billion dollars on margin accounts, an increase of 43 per cent in a year.

Other figures gathered by investigators

show that 7.25 billion dollars in bank loans are secured by stocks and bonds. That amounts to 12 per cent of all loans made by member banks in the Federal Reserve System. This figure includes loans made directly to finance security purchases, and loans for other purposes that are secured by stocks and bonds.

It is unlikely that this amount of credit will be found to be dangerous. Loans to brokers, for example, now amount to less than 2 per cent of the value of stocks listed on the New York Exchange, against nearly 10 per cent in 1929.

A warning was flashed about the growing use of credit in the stock market when the Federal Reserve Board raised margin requirements from 50 to 60 per cent. But that appears to be only a warning. Margin requirements were raised to 100 per cent in 1946—which meant no borrowed money at all to buy stocks—and were held at 75 per cent from 1950 to 1953. Back in 1929, speculators could buy stocks by paying as little as 10 per cent down on margin.

Another development that will be studied is the volume of trading. It has jumped sharply in recent months and, in December, reached 76.5 million shares, dipping in January to 74.7 million shares. That compares with a turnover of 27.2 million shares in September, 1953, but contrasts with the 1929 peak of 100 million shares, at a time when the number of shares outstanding was much fewer.

More speculation. Public interest is spreading from the high-grade stocks, known as "blue chips," to more speculative shares. For example, the "blue chips" rose 35 per cent in price from September, 1953, to October, 1954, while low-price stocks listed by Standard & Poors' Corporation rose only 18 per cent. But, since last October, the low-price shares have climbed 27 per cent, against a rise of 13 per cent for the "blue chips."

In addition, the market "tipster" has returned to prominence. Tips on stocks are being given over the radio and are appearing more frequently in various publications. This trend recalls the speculative days before the 1929 crash and is considered officially to contain some dangers.

Investigators will learn, too, that stocks are attractive to others than speculators. About half of all college endowment funds, for example, is invested in common stocks. Common stocks have been purchased by pension trusts, growing rapidly year by year, investment trusts and insurance companies.

Brokers have opened some 25,000 accounts for the installment purchase of stocks by individuals. Altogether, about 9 million dollars has been paid on these accounts, and, if all contracts are completed, these purchases will run to 60 millions.

Investment vs. speculation. These are all signs that common stocks are widely regarded as sound investments rather than a means of making a speculative profit. Even at recent high prices, industrial stocks on the Dow-Jones list return nearly half again as much as high-grade corporate bonds. The yield from stocks recently averaged 4.32 per cent, against 2.94 per cent for bonds. The spread between stock yields and bond yields is wider now than during other market peaks in 1937 and 1946. In 1929, bonds offered a larger return than stocks.

Banks and brokers are prepared to tell the Senate that the attraction of common stocks to conservative investors is a trend that contributes to rising prices on the stock exchange. The reason given is that stock purchases by endowments, pension trusts and others are made primarily as long-term investments. Stocks thus bought, therefore, are likely to be held in portfolios and not traded very actively in the market. The result, it is argued, is that the supply of shares available for sale is reduced, with the effect that rising demand pushes up the price.

The capital-gains tax is being cited by bankers as another influence toward higher prices for common stocks. Their reasoning on this point is that people who have made paper profits from stock purchases often refrain from cashing in those profits because of the tax on gains. In other words, these buyers are "locked in" by the tax, a tendency that again acts to reduce the floating supply of stocks.

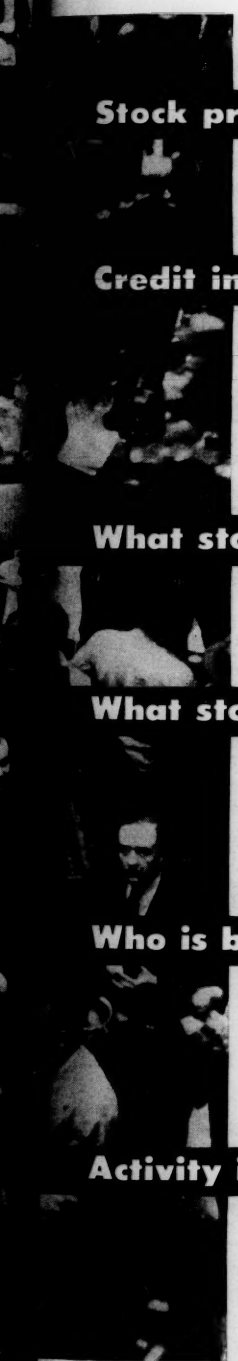
Optimism about future. At bottom, the investigators probably will find that the rise in common stocks actually reflects confidence in the future of American business, and the belief that war, with controls and high taxes, will be avoided. Business firms weathered a mild downturn in activity from mid-1953 to 1954, with only a slight reduction in profits, after taxes. And dividends paid last year were higher than in the boom year of 1953. Now, the outlook is for both a rising volume of business and an increase in profits and dividends.

Furthermore, the air is full of forecasts that America is entering another period of vigorous growth. President Eisenhower, in his annual Economic Report, cited the probability of reaching a total national output of 500 billion dollars in 1965. That would amount to a rise of nearly 40 per cent in 10 years.

This optimism in high circles of Government and business apparently is spreading to the general public, which is rather well supplied with cash. Part of that cash now is going into stocks as a vote of confidence in future profits.

Photo: Standard Oil Co. (N.J.)

OF THE STOCK MARKET WILL SHOW THIS—



Stock prices

Up sharply. Industrial stocks, on an average, now are well above 1929. Prices of many issues have doubled, some trebled, since late 1953.

Credit in market

More and more buying on credit. Brokers' loans are the highest since 1931, but still far below 1929. A 2-day check in December disclosed that 52.5 per cent of all public stock buying was on margin. Recent spot check showed that stocks and bonds were pledged for 7.2 billion dollars in bank loans.

What stocks are up

Nearly all groups share in bull market. Until recently, "blue chips" led the price rise. Now more speculative issues are getting the big play.

What stocks earn

Corporation profits are rising. Dividends will hit new high in 1955. Many issues, at new high prices, still yield 6 per cent or more. Industrial stocks, on the Dow-Jones average, now sell for 15.5 times annual earnings. Ratio was 19.1 to 1 in 1929, 20.8 to 1 in 1946.

Who is buying stocks

General public, mainly. In December check, 62.3 per cent of all purchases were shown to be by individuals. Trust funds, other institutions bought only 13.6 per cent, a decline from earlier tests. Remainder of buying was by brokers, dealers, Stock Exchange members.

Activity in the market

Trading up sharply. In December, 76.5 million shares changed hands, highest in 22 years. Still, market activity is well below 1929. In September of that year, 100 million shares were traded.

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FIRST BLUEPRINT FOR ATOMIC WAR

Planes—Guns—Missiles, All Set to Meet Russians in Europe

If the Russians choose war, their armies will be hit at the Iron Curtain—blasted with an atomic barrage of awesome proportions.

That's the key to new Allied tactics in Europe, now revealed.

Old idea of retreating behind the Rhine, then fighting back, is out. New idea is to meet an attack by using combined ground-air operations on the threshold of East Europe, to seize the initiative with atomic firepower.

Robert Kleiman, a Regional Editor for *U. S. News & World Report*, spent weeks in research and travel to get this exclusive story on "atom tactics"—a realistic look at the next war.

PARIS

NATO's powerful 400,000-man Army in Central Europe has received a new directive—to stand and fight for West Germany, if Russia attacks, rather than retreat to the Rhine.

This "forward strategy" is the first result of a historic 14-nation decision to base all Western defense plans on tactical atomic weapons. The decision, made last December, is setting in motion a revolutionary reorganization of Allied military forces.

The reorganization is so extensive that it will take five years and cost billions of dollars. Divisions, air wings, all military units of the North Atlantic Treaty Organization will have to be completely restyled and rebuilt. Drastic changes are scheduled in tactics, equipment, deployment, bases, training, medical facilities, communications, mobilization methods, war supplies.

The changes are designed for a double purpose: to decrease NATO's extreme vulnerability to Soviet atomic blows; to build up NATO's atomic striking power into the central battlefield weapon, around which all conventional forces will maneuver.

Plan: Stand and fight. War plans already are being revised. The main Allied defense "line" in Germany has been swung eastward 100 to 200 miles. The new plans assume that U. S. atomic superiority right now can counterbalance Russia's huge manpower advantage.

The importance of the new strategy can be seen in one overwhelming fact. The 20 active NATO divisions on the Central Front, if war comes, will defend rather than initially abandon most of West Germany, its 50 million people and its potent industry.

The atomic superiority which makes this possible includes delivery systems as well as U. S. stockpiles. In the last 18 months, the U. S. has built up its capability for massive delivery of tactical atomic blows in Central Europe.

There now are more than 550 U. S. light bombers and fighter-bombers near Central Europe which can carry A-bombs. There are two Air Force guided-missile squadrons, each with 75 Matador pilotless bombers that can fly 300 miles.

The U. S. Seventh Army in Germany has five battalions of 280-mm. cannon, a total of 30 guns with 20-mile range. A battery of six self-propelled Honest John rocket-launchers, with the same range, recently has arrived.

Once in action with atomic warheads, these weapons in a few hours could inflict more than 800 atomic blows on Soviet targets back of the Iron Curtain. If unimpeded, they could do more damage in a few days than all the shells and all the bombs exploded by both sides in World War II. And this power steadily is being increased.

A sixth 280-mm. battalion and several more Honest John batteries are scheduled to arrive soon. Also en route is an Army battalion of 10 self-propelled "Corporal" guided-missile launchers with a 50-mile range.

Dropped: Retreat to Rhine. Sometime this year, the U. S. Army will have ready a small atomic shell that can be fired from a standard self-propelled corps artillery weapon, the 8-inch howitzer. It will do almost as much damage as the Hiroshima A-bomb.

What weapons such as these already have done for Western defense can be seen by a look at previous strategy.

The old idea was based on the concept of a "race to the Rhine." East of the broad, swiftly flowing Rhine River, NATO commanders had orders to fight delaying actions only, without risking major units. It was assumed that Soviet forces would reach the Rhine in a week or less.

The objective was to withdraw NATO forces intact behind the Rhine. Only there was it thought possible to hold a Soviet onslaught until Western reserves could be mobilized.

The new atomic strategy, in contrast, will see most of NATO's active divisions in Germany, five of them American, committed to battle immediately Russia attacks. As soon as Soviet invaders lift the Iron Curtain, they will be met and engaged with atomic weapons at the very "threshold" of West Germany.

New tactics, to go with the new strategy, are being developed. Forces and equipment will have to go through years of changes before the new methods become fully effective. But NATO field commanders have orders to do the best with what they have, from this moment on, to employ atomic instead of World War II tactics.

Infantry still needed. Recent maneuvers involving seven divisions showed that even now a defending NATO force, outnumbered 2 to 1 in manpower and armor, could hold off an attacker. But it also showed that atomic strikes, by themselves, are insufficient. Atomic blows must be exploited quickly by defending ground forces.

Used against enemy front-line troops, atomic weapons must be exploded at least a mile behind the front to avoid injuring friendly forces. The circular area of atomic destruction injures few enemy troops in the very front line, but leaves them a thin crust of resistance.

Defending ground forces must counterattack within minutes, break through the crust, mop up with conventional weapons and outflank neighboring units before enemy reserves are moved up.

Otherwise an atomic strike achieves little against an enemy rich in manpower.

Other elements of the new atomic tactical doctrine are these:

Atomic weapons will not be used in "support" of ground forces. The reverse will be the aim. The mission of NATO ground forces will be to employ conventional arms, terrain obstacles, maneuver and strategem with one overriding purpose: to locate and force Soviet troops into concentrated atomic targets.

"Our objective," said one U. S. general, "will be mainly homicidal. And the chief homicidal instrument will be the atomic explosion."

NATO ground units will be deployed checkerboard fashion in great depth for mobile, elastic "area" defense. They will not attempt to hold a continuous front. Inviting gaps will be left to channel Soviet attackers into contained pockets for atomic blows.

In boxing terms, ground units will be the parrying arm, air units the striking arm. Atomic fighter-bombers and guided missiles will strike at the Soviet front and range far behind the lines. They will try to destroy Soviet troop concentrations, reserves, headquarters, supply dumps, ports, railway junctions and bridges. But their first targets will be Russia's tactical atomic capability—airfields, missile launchers, atomic stockpiles.

• • •

Tests provide answers. NATO's atomic "forward strategy" stems from a year-long "New Approach" study by Gen. Alfred M. Gruenther's Supreme Headquarters, Allied Powers Europe. The "cosmic secret" study, more than 3,000 pages long, was completed last June. Its 32 pages of recommendations were approved in December by the defense, finance and foreign ministers of the 14 NATO countries.

NATO's civil authorities reserved to themselves the power to order atomic weapons into wartime use. But General Gruenther was authorized to revise all defense plans on the assumption that tactical atomic weapons will be used, if Russia attacks.

The New Approach study analyzed U. S. and Soviet atomic capabilities, the effects of nuclear explosions on all types of armed forces, the East-West balance of conventional arms. Nine "paper" wars were fought along NATO's 4,000-mile front from Norway's North Cape to Turkey's Mount Ararat.

The key conclusions, now the core of NATO war plans, are these:

• Russia's massive manpower is certain to win a European war fought with conventional arms. Russia can only be defeated by employing from the start the superior U. S. nuclear stockpile.

• NATO has access to "atomic plenty" in the U. S. nuclear stockpile—all the atomic warheads that are needed. U. S. delivery systems can reach every profitable Soviet target, from East Germany to Vladivostok.

• Russia's stockpile of a "few hundred"

In a Few Hours—

WEST CAN STRIKE 800 ATOM BLOWS IN EAST EUROPE

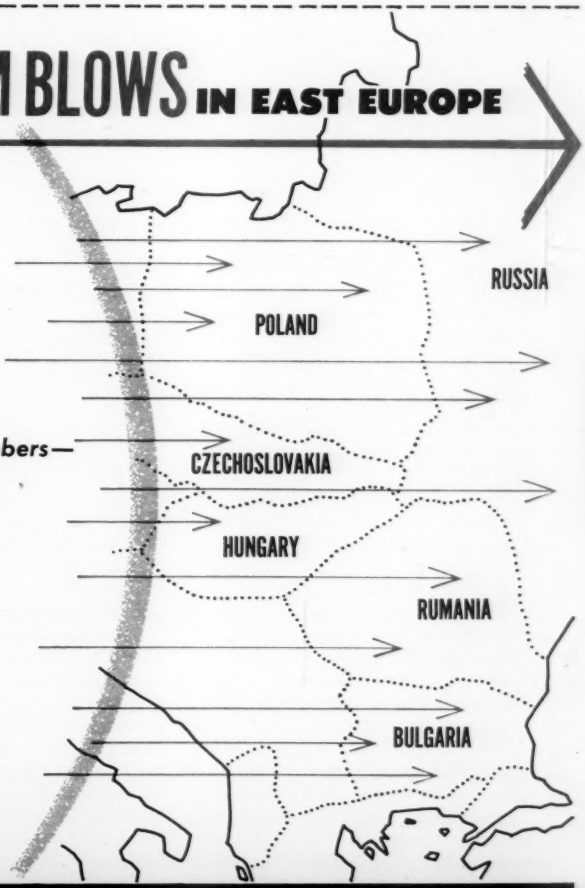
This "atomic punch" now guards the front in Central Europe—

550 U.S. light bombers and fighter bombers—all A-bomb carriers.

75 Matador pilotless bombers—they can fire atomic warheads 300 miles.

30 280-mm. cannon—atomic guns with 20-mile range.

6 "Honest John" rocket launchers—each with a 20-mile atomic range.



Combined firepower of these weapons can deliver 800 atomic missiles in a few hours. In a matter of days, they can cause more destruction than all the bombs dropped by both sides in World War II.

Photos: Defense Dept., United Press and North American Aviation, Inc.

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atomic weapons is steadily increasing. Soviet bombers and missiles are within range of every vital NATO target in Europe. But, during the next five years, Soviet war strength will be hampered by "atomic scarcity."

Russia lacks enough atomic weapons to hit all the targets in West Europe that would have to be destroyed quickly to assure Soviet victory.

• If Russia can remedy these weaknesses, it need not equal the U. S. stockpile to achieve the capability of victory. The reason: All Allied plans assume that Russia will strike the first blows and strike with some degree of surprise. Preventive war by the West is ruled out.

• Nevertheless, as Soviet stockpiles and delivery systems improve, NATO can keep enough of an edge to assure Soviet defeat. This edge, the essence of NATO's deterrent power, can only be kept by transforming NATO's armed forces.

War might end quickly. If an infantry division can be redesigned and redeployed so that 10 to 20 Soviet atomic weapons must be expended to destroy it, rather than a single disabling blow, NATO's security will be enormously multiplied. The same principle must be applied to all NATO forces, facilities and tactics.

• Military forces and, above all, NATO's atomic capability would be the highest-priority targets for Soviet attack in a third world war. Control-center cities, such as Washington and London, also would rate high priority in any Soviet war plans. Blows must be expected on industrial areas. But they will have much lower priority as targets than NATO's forces, radar centers, key ports and communications nets.

• A nuclear war will reach peak destructiveness in a few days or weeks, while the two sides are "swapping" their atomic stockpiles. The war might or might not be short. But the outcome would be determined by the opening atomic period, which would be the decisive phase of the war.

• Only those forces and arms that are ready on D-Day or shortly afterward will be able to participate in the decisive battle. The build-up phase, that took the U. S. three years after World War II began, now must take place before war starts. The 12 active German divisions to be provided under the Paris accords are more important than all the reserve divisions now scheduled to be ready after the war's first month.

• By beginning immediately to recast all fighting forces, NATO can take advantage of a breathing spell that may last five years. The New Approach study does not go beyond 1960. But it implies that security, after 1960, will depend on new "retaliation" weapons now only in the development stage. These weapons are vertical-rising jet planes, long-range supersonic guided missiles and intercontinental ballistic rockets.

These weapons must be so numerous and so mobile that no enemy attack could destroy more than a small portion of NATO's atomic capability.

• • •

Three key words. The New Approach plan spells out or hints at countless changes required in NATO forces during the next five years. But of the myriad problems to which it points, two lie at the heart of all others. They are known now in SHAPE jargon as "time compression" and "absorption," three words that conceal vast connotations.

Time compression is a phrase that describes the chief difference between atomic war and all other wars of the past. It means that a single fighter-bomber in an instant can devastate a city as thoroughly as weeks of raids by the 3,700 bombers of the U. S. 8th Air Force did in World War II.

Aircraft now fly almost as fast as sound, and soon will fly faster. Copenhagen is only 13 minutes from a Soviet H-bomb, London an hour. U. S. air bases behind the Rhine expect at most 20 minutes' warning of a Soviet air attack—and that only if they are lucky.

Time compression means that hours count like months of World War II, minutes like days. It means that more casualties and damage may be inflicted in a week than during years of conventional warfare.

Time compression is why U. S. divisions in Germany keep half of their personnel in the field at all times. Every division is prepared day and night to pack everything it owns and move into combat in a maximum of two hours. It is why, at every U. S. fighter base in Europe, four Sabre jets are kept warm in take-off position around the clock. If an alert comes, they will be in the air in less than five minutes. Four more planes will be rolling up behind them while they are zooming down the runway.

No bombs on Continent. All NATO plans now are being revised to cope with time compression. Mobilization machinery requires a thorough overhaul. War production plans lose much of their importance. No one knows what plants will be left after the first week of war. It becomes more vital to protect skilled workers by closing factories and evacuating cities—before an attack, if there is warning. Factories can be rebuilt. But it would take a generation to replace skilled technicians.

Time compression, joined with Russia's first-blow advantage, means that the fate of the West depends on D-Day readiness. Above all, war's outcome depends on the readiness of U. S. atomic bombers and missiles to counterattack instantly and destroy Russia's atomic capability.

Of all the tactical requirements that time compression presents, one dominates the thoughts of all NATO commanders. It is the requirement, in the words of the New Approach plan, for "accessible stockpiles" of atomic weapons.

U. S. Army and Air Force units in Germany and France are equipped with bombers, cannon, rockets and guided missiles capable of striking with atomic explosives.

But there is not a single atomic bomb, atomic shell or atomic-missile warhead now on the entire continent of Europe.

A top U. S. Air Force commander in Germany, asked how many hours it would take him to requisition atomic bombs from Britain, shook his head and replied: "It would take more than hours."

Carrier planes of the U. S. Sixth Fleet, in the Mediterranean, have atomic capability. But they cannot intervene effectively on the crucial Central Front in Germany.

Bombs ready in Britain. Atomic bombs are available to 200 U. S. light and fighter-bombers in England, plus rotating squadrons of the Strategic Air Command. U. S. atomic bombs have been stockpiled in Britain since the Berlin blockade of 1948. But an agreement provides that the personal permission of the British Prime Minister is required before they can be carried aloft. And the U. S., as yet, has requested no other European government to permit atomic stockpiles on its soil.

The reasons are complex. It's been feared that a stockpile request would stir up political furor in Europe. Communists, neutralists and professional anti-Americans would make it a major issue. Other Europeans might recoil before the danger that stockpiles would increase their exposure to Soviet atomic blows.

Almost two years ago, Gen. Matthew Ridgway, then Supreme Allied Commander, urged that atomic shells accompany the first movement of 280-mm. guns to Europe. He was turned down by Washington. A U. S. decision was reached to approach the problem gingerly.

Atomic delivery systems were shipped to Europe without atomic warheads to train troops and accustom Europeans to their presence. A U. S. school that was opened in Bavaria now has instructed 700 NATO officers in elementary atomic tactics. Vast NATO maneuvers have been organized around atomic problems.

The U. S. Atomic Energy Act was revised by Congress to enable top NATO officers to be given more information. They now can be told about weapons effects, the "family" of atomic weapons

and the stockpiles tentatively allocated to their commands.

Atoms the key. But the key educational effort, apart from its primary military importance, was the New Approach study. It involved hundreds of U. S., British and French officers over a period of a year. The study convinced the chiefs of staff of the 14 NATO nations that all future plans had to be based on atomic weapons.

When the "gentle approach," as one officer has termed the New Approach study, was approved unanimously by the 14 NATO governments in December, the door finally was open to press the stockpile question. One high U. S. official calls this unanimous decision "the biggest U. S. diplomatic achievement since World War II."

Although the New Approach plan, as approved, states a requirement for atomic stockpiles, the question has been left dormant since December. The reason is to avoid any political fuss that might hamper German rearmament.

• • •

Disperse to survive. Hamstrung as NATO commanders are by lack of atomic stockpiles, another problem of atomic warfare—absorption—confronts them with decisions of far greater urgency.

Absorption, in three simple syllables, is a word that defines the most vital requirement for all military forces in the atomic age—survival. But it means "survival-plus."

Absorptive power is the capacity to receive or absorb massive Soviet nuclear blows without losing the ability to fight back effectively.

Without absorptive power, an air wing cannot get off the ground. Nor can the most powerful U. S. division stand up to a Soviet regiment. Without absorptive power that keeps ahead of Russia's growing nuclear stockpile, NATO could lose World War III during a single initial Soviet attack. One of NATO's highest commanders describes the urgency of the absorption problem this way:

"At present, even if NATO force requirements were fully met, substantial portions of those forces, if deployed in conventional manner, would be destroyed or disrupted before they could be brought to bear against the enemy."

Some problems of building up absorptive capacity are relatively simple. Heretofore, a single atomic weapon could disable a division, making it easy prey for ground attack. New plans and tactics already have begun to reduce this vulnerability. The key objective is to permit deployment so dispersed that a single atomic blast, at most, would destroy one of seven or eight infantry battalions. The New Approach study showed that deployment of this kind could hold down combat casualties in an atomic war to double the World War II rate.

Tanks ready now. The study revealed that an infantry battalion cannot be dispersed over an area greater than the lethal zone of an atomic weapon without loss of command control. What is planned, therefore, is dispersion between battalions, rather than within them.

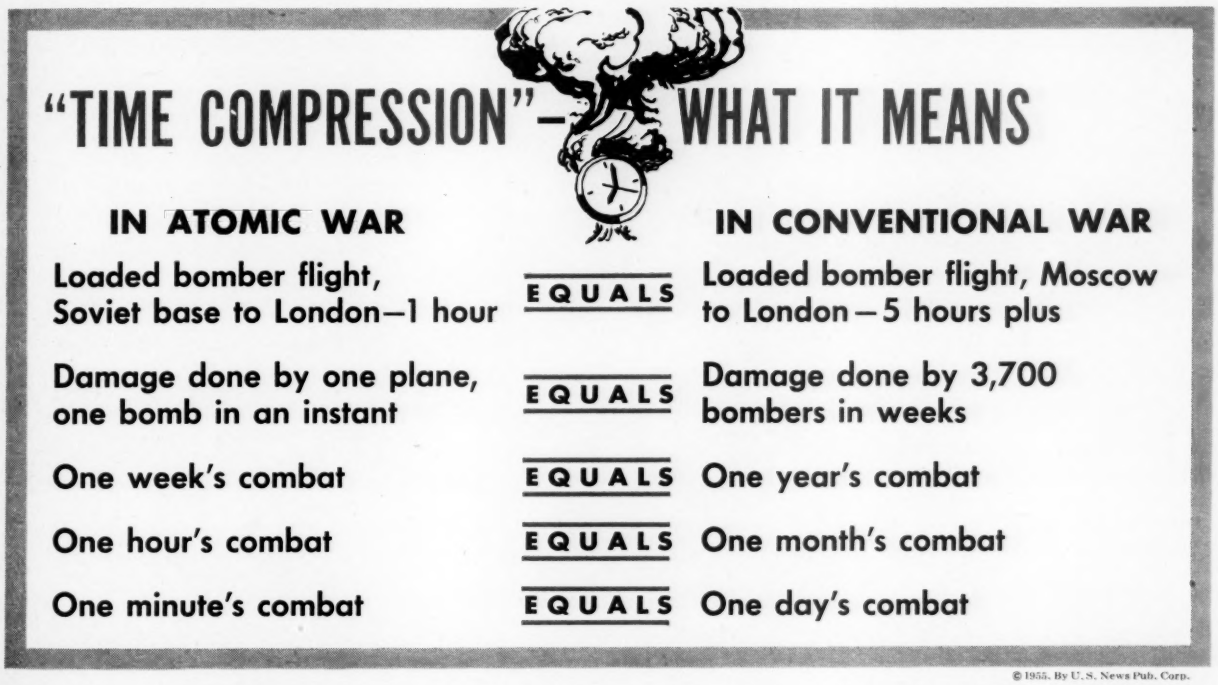
U. S. armored divisions already are close to the organization needed for atomic combat. They also have cross-country capability that aids dispersion and can avoid road jams. Their armored supply train is far safer than the exposed "logistical tail" of an infantry division.

Infantry divisions need thorough overhaul. A single atomic blow could disable an infantry division by destroying its massed artillery, its reserve regiment or its headquarters area. New plans will require each division to have an alternate headquarters with a skeleton staff. Artillery will be broken down into smaller units, self-propelled, which can mass briefly when necessary, disperse otherwise. Regiments, as the smallest self-sustaining units, will give way to battalion combat teams.

Battalions will become capable of independent action. Whole battalions will be moved in as replacements after an atomic strike, rather than the individual-soldier replacements of World War II.

Intricate problems of command, communications, transport, supply and equipment will have to be worked out. Answers to these problems are being sought in the U. S. by maneuvering experimental divisions. It is expected that U. S. divisions in Europe will begin reorganizing by the end of this year. Two French divisions already are being reshaped into 12,000-man atomic-era units.

In their new form, battalions will be



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able to concentrate quickly to fight and to spread out thinly at other times. They will be better able to take advantage of natural concealment, camouflage, deception, stratagem and, above all, mobility.

Fight-and-hide tactics. Recent NATO maneuvers in Germany involving 140,000 troops showed that movement and concealment can make profitable atomic targets hard to find, even with present divisional organizations. One 5,000-man British brigade, holding a three-mile front, dispersed to a depth of 15 miles. Its units were run ragged, dashing madly day and night, alternately concentrating to fight and dispersing to hide.

But tactics of this kind prevented the two opposing armies from employing more than nine atomic strikes in six days. They had more than twice that number of atomic "bombs" and "shells" available, but couldn't use them.

Hard as a target is to find, it is harder to hit before it vanishes. A request for an atomic blow from a division commander must pass through corps and army headquarters, and be approved by the theater commander, before it is authorized. There are other reasons for delay besides analysis of the target to be sure it is worth an atomic missile. Experts must decide the kind of missile to use and the height and location of burst.

When planes are used, missions must be planned carefully to assure accurate target location, accompanying fighter cover and deception.

When atomic artillery is used, the gun crews must be alerted. They must survey the firing site, preferably in daylight, and move to the site, preferably at night. Friendly forces near the target must be warned.

These procedures enable atomic artillery to deliver a strike more quickly than aircraft. But the quickest strike in the last maneuvers took four hours. Some took three or four times that long. Four hours is long enough for an infantry division to move 80 miles. A move of one or two miles usually is enough to avoid significant casualties.

One 280-mm. battalion "fired" four atomic rounds during the four-day maneuver. But, on a dozen other alerts, it was unable to fire because the target had disappeared.

Of the five A-shells and four A-bombs "exploded" in six days, only three were fully effective. Several were complete misses or did damage that could have been done as well with conventional weapons.

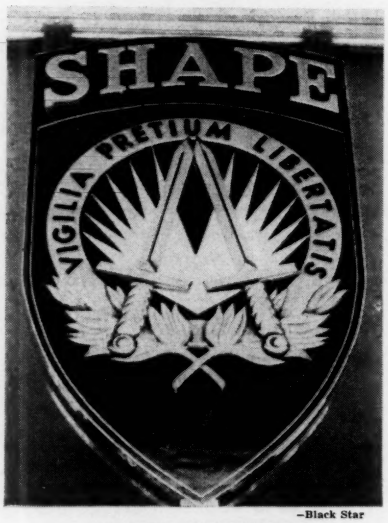
• • •

Two big weaknesses. If all the absorption problems NATO faces were as easily solved as those of army divisions, NATO's top commanders would breathe easily. What worries them much more than mobile forces are fixed installations.

Studies by atomic experts point to two vital weaknesses in "absorptive power" that together undermine NATO's defense more than all other faults combined. These weaknesses are known as "airfield vulnerability" and the "Kaiserslautern complex." The latter has nothing to do with psychiatry, but it has some general officers wondering about the sanity of their predecessors—who ordered it built.

Kaiserslautern, four years ago, was a sleepy Palatinate town 35 miles west of the Rhine in the French zone of Germany. Since the Korean war, it has been converted into the noisy, bustling, dust-ridden administrative center of the U. S. Western Area Command—often called the best H-bomb target in Europe.

Here, "safe" behind the Rhine, athwart the new line of communications to French Atlantic ports, lies the "arsenal" of the U. S. Seventh Army in Germany. It's a huge supply dump—the biggest of its kind in Western Europe.



—Black Star

SYMBOL OF NATO
. . . and the world's first atomic Army

The two corps and five divisions of the Seventh Army east of the Rhine carry with them only enough supplies for 10 days to two weeks of combat. Everything else they would need for the first 90 days of war is stored west of the Rhine in Germany and France. Most of it is in the Western Area Command.

Guns, food, drugs. Here, crammed within an area measuring 40 by 40 miles, are fully two thirds of the combat supplies stockpiled in Europe for U. S. ground forces. There are acres and acres of ammunition, gasoline, food, 120,000 varieties of engineer supplies, ordnance, vehicles, clothing, signal supplies and medical equipment.

But that is not all. A 75-by-40-mile rectangle around Kaiserslautern would also take in:

- The only U. S. armored division in Europe.
- Four of the five U. S. atomic-artillery battalions in Germany.
- Six air bases, containing almost half the planes and airmen of the U. S. Tactical Air Force in Europe and a Canadian Sabre-jet wing.
- The headquarters of the U. S. Tactical Air Force in Europe. The headquarters of one of NATO's two tactical air forces in Central Europe. The control center of the U. S. radar net in Germany.
- All the U. S. Air Force's atomic guided missiles in Europe.
- A total of 50,000 U. S. troops and airmen, plus their 30,000 dependents.

Dream or nightmare. More than 500 million dollars in German occupation-cost funds has been spent in four years to construct the Kaiserslautern complex of warehouses, airfields, repair shops, road, rail spurs, barracks, hospitals and dependents' housing. The total value of U. S. Army and Air Force equipment in the area runs into many billions of dollars.

Everything is beautifully laid out—for another World War II. Supplies are sufficiently dispersed against conventional bombing, but excellently concentrated for efficient control and speedy dispatch to the front. Troops retreating across the Rhine would find their supplies in their backyard. Fighters and fighter-bombers are close at hand for battlefield support and air cover.

In all respects, the Kaiserslautern complex is a World War II commander's dream. For U. S. atomic-warfare experts, preparing for World War III, it is a nightmare.

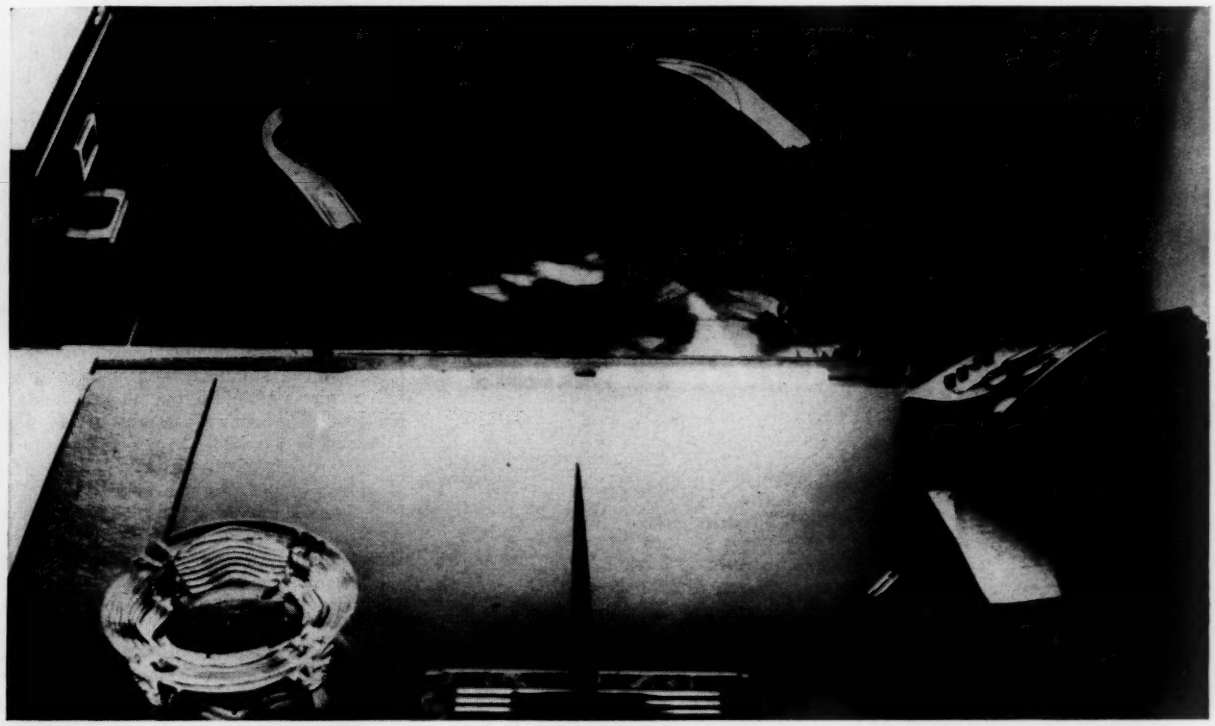
One expert has calculated that the entire complex could be turned into unsalvageable ruins by three well-placed H-bombs and nine small atomic missiles. The Russians wouldn't even have to risk a plane. They have V-2 rocket launchers within range.

Dispersal a deterrent. All U. S. military leaders are agreed that the Kaiserslautern base must be substantially dismantled. But it is a difficult task. Experts say it may take almost as long to break up the Kaiserslautern complex as the four years it has taken to build it. Land is difficult to obtain in Europe, where every arable acre is tilled. Construction is slow. Funds for construction are diminishing as defense budgets everywhere are slashed.

The physical problem of finding alternate storage space is matched by a problem in logistical strategy. There is a limit to how far supplies and repair facilities

(Continued on page 30)

How to keep your business alive in case of the death of a partner!



The *personal* wounds that a partner's death causes—the anguish, the emptiness, the aloneness—can be healed by time. *But not the business wounds that all too often follow.*

For if your partner's holdings are inherited by disinterested relatives who insist on selling out—or, even worse, by relatives who want to run things themselves—all that you built over the years can quickly be torn down.

What can you do about it? First, ask your attorney to draw up a Buy and Sell Agreement for the purchase of a deceased partner's shares. Then call in The Travelers man for *Partnership-Life* insurance which will provide the *money* to make the purchase.

You'll find that *Partnership-Life* costs less than the interest alone on what you would have to borrow (*if* you could borrow it!) to make the purchase yourself.

There are no simpler, more sensible precautions to take than these.

Why not see your lawyer—then The Travelers man—this week (Or for additional information, attach the coupon to your letterhead, and mail.)

Please send me further information about Travelers Partnership-Life insurance.

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Street.....

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can be dispersed without loss of effectiveness and control. Dispersed installations require more transport and more service troops, cutting into combat strength. The U. S. Army is trying at present to increase combat power by shifting from a 50-50 ratio of combat and service troops to a 60-40 ratio.

Atomic planners, nevertheless, are insisting that supplies be dispersed to the maximum in numerous duplicate facilities. Loss of a gasoline dump or signal supply depot in an atomic strike would be far less serious if there were several others available.

Airfields can't hide. Divisions can be protected by mobility. Supplies can be dispersed and concealed. But airfields can neither hide nor move. Their dispersal capacity is limited.

A study of one typical U. S. jet-fighter field in Europe shows that an air burst of a small, Hiroshima-type A-bomb could wreak havoc. Well-placed, at the right time of day, it would wipe out 80 per cent of the personnel and 75 per cent of the planes in the wing.

In the words of one top NATO commander: "If the Russians do nothing with their atomic stockpile but destroy every NATO airfield during the first day of war, they will have done enough to assure their victory in Europe."

Experts assigned to study dispersal of individual airfields over a wider area have given up in dismay.

The average NATO jet airfield already occupies 1,100 acres and each contains a concrete runway a mile and a half long. Some have dispossessed as many as 50 farmers. Expansion in many cases would require leveling villages, resettling populations. Everywhere, it would be difficult, expensive and take years.

Moreover, an airfield dispersed to halve the casualties inflicted by a "Hiroshima" A-bomb would gain little. It would suffer the same losses as before if hit by a newer type which has twice the lethal radius. The U. S. has A-bombs with three times the blast radius of the Hiroshima bomb.

How to cut losses. Precautions are being taken that could reduce plane and personnel losses, but only those that involve minimum delay and expense. Some measures are obvious, such as digging slit trenches and training men to pull hoods over their heads and fall flat to avoid burn injuries outside the lethal area.

Some planners are urging, despite the cost, that quarters be rebuilt to house personnel in multiple localities, each several miles from the base. Work patterns are under study to reduce to a minimum the number of men concentrated at the center of a field at any hour.

One encouraging study involves huge, low-pressure tires that can be mounted easily over airplane wheels. They would permit a small tracked vehicle quickly to tow a plane across plowed fields, far from the runway. To disperse planes then, it would be necessary only to pull down fences, instead of taking vast farm areas out of production.

Other measures, such as alternate control towers, can enable a partly damaged field to resume operations quickly. But, whatever is done, the effort to reduce the vulnerability of individual airfields is a losing struggle.

The modern jet airfield already is considered obsolete, since a weapon exists that can destroy its runway beyond repair. That weapon is the surface-penetrating atomic bomb that explodes underground. It makes airfields as "sinkable" as aircraft carriers and more vulnerable, because they lack mobility.

Mobile launchers needed. An underground burst of a World War II atomic bomb or guided missile would leave a radioactive crater 800 feet in diameter and 100 feet deep. A bigger A-bomb could leave a crater so large that it would be cheaper and quicker to build a new field than to try to fill it in.

In the long run, the only answer NATO airmen see is to do away with airfields entirely. Long-range rockets and guided missiles, such as the two squadrons of Matador pilotless bombers now in Germany, can take over some of the functions of piloted planes. Their mobile launching platforms can be protected by frequent movement and concealment.

There still will be a need for piloted planes. A pilot's judgment is essential for reconnaissance, for accurate close support, for attacks on moving troop formations and for strikes at other targets of opportunity. The answer here is the jet plane that can rise vertically or be launched from a mobile platform.

(Continued on page 32)

"ABSORPTIVE POWER" —WHAT IT MEANS

Smaller, highly mobile combat units

Divisions dispersed, formed into battalion teams

Supply depots dispersed and hidden

Air power spread over widest possible area, with one air squadron per field

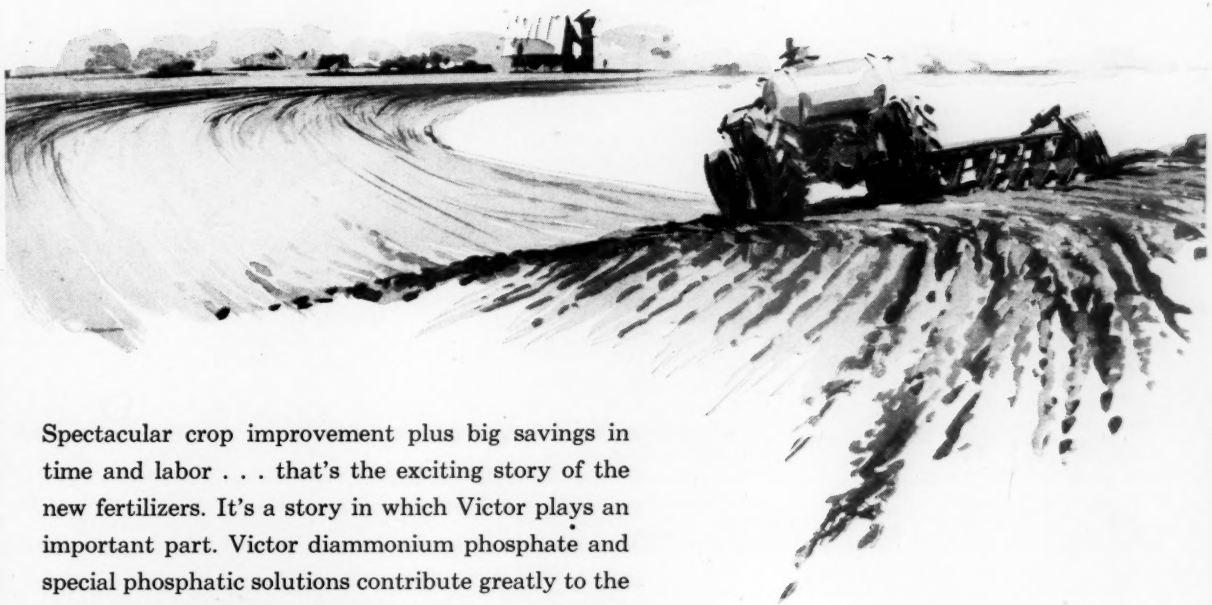
THE OBJECTIVE: Present the enemy with more atomic targets than he can hit, thus preserving power to "absorb" an initial attack and hit back effectively.

© 1955, By U. S. News Pub. Corp.

More important yet, progressive dispersion of supplies can improve NATO's total absorptive power. It can help confront the Russians with substantially more targets than their nuclear stockpile permits them to attack. Vital as this would be if war came, it is more essential as a deterrent.

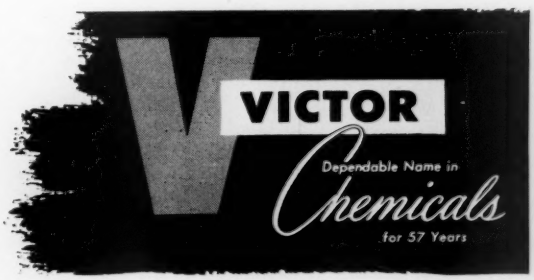
Even while last touches still are being put on many Kaiserslautern construction projects, first dismantling moves are getting under way. Whether it takes two years or four, the problem at Kaiserslautern can be solved. It is dwarfed, therefore, by the other major absorption problem that confronts NATO's high command—the vulnerability of jet airfields.

Victor Chemicals improve fertilizers...



Spectacular crop improvement plus big savings in time and labor . . . that's the exciting story of the new fertilizers. It's a story in which Victor plays an important part. Victor diammonium phosphate and special phosphatic solutions contribute greatly to the amazing effectiveness of today's plant starters, high analysis and liquid fertilizers. Victor chemicals serve agriculture in many ways with phosphatic solutions for fertilizers, and phosphates for animal feed supplements.

Today, more than 40 industries employ phosphates, formates and oxalates. For information on how these useful chemicals are put to work in your industry . . . write: Victor Chemical Works, 155 North Wacker Drive, Chicago 6, Illinois. In the West: A. R. Maas Division, South Gate, California. You'll find . . . *It pays* to see Victor!



Half a dozen prototypes of such planes are in development in the U. S., Britain and France. But it will be three to five years at least before these aircraft can be in action in any numbers.

For several years, thus, NATO must depend for security on its airfields. The most pressing problem that confronts NATO commanders today is how to increase the "absorptive power" of their existing runway-bound air forces, particularly those with the atomic capability that makes them Russia's highest-priority targets.

Russia has big edge. Dispersal of planes to a large number of airfields is the best that can be done. It cannot prevent losses. But, like dispersal of ground battalions and supplies, it can help to present Soviet forces with more atomic targets than they can hit in their present period of "atomic scarcity."

Russia has an edge on NATO here. Soviet MIG-15 planes can take off from 4,000-foot grass strips. U. S. atomic fighter-bombers at present require a minimum of 6,500 feet of concrete runway on airfields that take years to build. As a result, Russia now has 300 usable airfields within range of the Central Front, more than double NATO's number.

Russia's advantage is magnified by a lag in the redeployment of U. S. air power in Europe.

Of all NATO's air forces, only U. S. air wings in Europe today are equipped and trained to drop atomic bombs. But the 550 U. S. tactical-bombers and fighter-bombers that can carry A-bombs are assembled like sitting ducks on airfields in Britain, France, Germany and Holland.

A few well-placed Soviet atomic strikes could totally disrupt NATO's tactical air-atomic capability during the first decisive days of World War III.

The potential already exists for dispersing NATO's air-atomic power to 10 or 15 times as many locations. There are technical and political difficulties, but none that cannot be solved. One suggestion, long under study in Washington, is that NATO allies be equipped and trained to drop A-bombs.

Training A-bomb pilots. The U. S. has given its NATO allies about 2,000 Thunderjet fighter-bombers. All these planes, with some work, can be adapted to carry atomic bombs. Most of the Thunderjets this year will be replaced by faster Thunderstreaks, which have built-in wiring and instruments required for an atomic-bomb "rack." A highly trained jet pilot can be taught to drop A-bombs in a few hours.

It is not suggested that A-bombs be let out of U. S. possession in peacetime. What is under study is a decision by the U. S. to equip and train NATO allies now to perform atomic missions after war comes. As long as NATO's entire atomic punch is retained in U. S. hands, vulnerability of U. S. units will be heightened by their monopoly. No targets will have higher priority for Soviet attackers.

Whether or not NATO allies are given an atomic-delivery role soon, U. S. officers see an urgent need to disperse air power over more fields.

New bases built. A large number of NATO airfields already have been built. Four years ago, there were only 15 jet airfields on the European continent. Today, apart from scores of British bases, there are 165 jet airfields in Europe that are finished or under construction. Two thirds of them are behind the Central Front. More than 125 airfields are either ready or have 8,000-foot runways completed that permit emergency use. Each U. S. field has cost between 20 and 40 million dollars.

NATO airmen are not proposing to build very many more fields. Their objective is better deployment of planes. A first step would be to base each of a wing's three squadrons on a separate field. Ultimately some top planners believe there should be no more than five planes of one type on a field.

Each base would have a maximum of 25 planes, but some would be fighter-bombers, others day fighters, all-weather interceptors, reconnaissance planes and light bombers. Loss of one field then would not cripple any of these capabilities as much as loss of 25 planes of one type.

Such a radical reorganization in Air Force structure presents many difficulties in control, supply and maintenance. Some U. S. airmen believe wing commanders cannot be trained to direct so many different types of units.

But the plan now is under serious study. One U. S. atomic fighter-bomber squadron already has been assigned to a Dutch base. If the plan is carried out, the 550 U. S. atomic bombers in Europe —now based on nine vulnerable airfields —would be dispersed to 100 or more separate localities.

• • •

How to act quickly? Whatever is done about airfield vulnerability in the next few years, it remains a problem that can only be ameliorated, not solved. NATO faces other such dilemmas, all made more urgent by time compression. Most can only be stated as questions, because answers have yet to be found:

How can 14 sovereign governments co-ordinate their "alert" systems so that any initial warning of attack can be put to maximum use? No government can delegate to a military commander authority to move troops into action without overstepping parliament's power to declare war.

How can 14 nations "make" the decision to use atomic weapons after a Soviet attack? All want to be consulted. But Paris might be wiped off the map before the NATO Council could meet.

Shall detection of a single possible Soviet H-bomber winging its way into Allied territory be considered the "trigger" for retaliatory Allied raids? If not a single bomber, then how many? Who will decide?

How can the U. S.-controlled Strategic Air Command be co-ordinated with NATO air power to avoid dangerous gaps in target coverage?

How can the effect of an atomic strike on morale—civil and military—be estimated so that plans can take this crucial factor into account?

Burn injuries are problem. What, if anything, can be done about civil defense, which is virtually nonexistent on the continent of Europe? How can millions of simultaneous burn injuries be treated?

In the U. S. in 1950, a study revealed that 189,000 casualties would exhaust the nation's surplus hospital beds. It showed that 250,000 casualties would exhaust total national stocks of medical supplies. Europe is in a much poorer position.

As NATO's Supreme Commander, General Gruenther, struggles with these and other problems, one thought shores him up. Russia's commanders face similar problems and others far more difficult, should they strike at the West.

At the sprawling SHAPE headquarters outside Paris, the brain and nerve center of NATO defense, not an officer believes that either side could "win" an atomic war. But one side could be defeated.

Which? General Gruenther has pondered this question again and again. His conclusion, for as far ahead as he can see, is this: Now, and for the next five years, an atomic war would see Russia defeated.

General Gruenther's optimism, based on approval of his atomic plans, has led him to assume the risks of the new "forward strategy." If there is any single measure of what tactical atomic weapons have done for Allied defense, it is this:

Four years ago, when Gen. Dwight D. Eisenhower arrived in Europe as Supreme Commander, he asked a military planner what the Russians would need to get to the Atlantic. "General," was the reply, "all they'd need is shoes."

Three years ago, NATO adopted a program that would permit defense on the Rhine by 1954.

Today, the defense line has been shifted 100 to 200 miles east. It now stands right up against the Iron Curtain, with 160 million Europeans—and the U. S.—shielded behind it.

It helps the Fireman save that child

BURNING problem for engineers of a large, fire-fighting-equipment manufacturer was the compact V-belt drive on their high-pressure, water-pumping units. Standard belts sometimes failed at the height of the first fire they fought.

Since failure at a fire couldn't be risked, the G.T.M. — Goodyear Technical Man — was consulted. He specified matched sets of COMPASS-V-Steel Belts, sinewed with airplane-type steel cables to handle the heavy loads without a slip. And they do.

Firemen report these precision-built belts operate two to three years *without a single take-up*. Perhaps they can do the same for you. Find out by seeing the G.T.M., your Goodyear Distributor or writing Goodyear, Industrial Products Division, Akron 16, Ohio or Lincoln, Nebraska.

YOUR GOODYEAR DISTRIBUTOR *can quickly supply you with Hose, Flat Belts, V-Belts, Packing or Rolls. Look for him in the yellow pages of your Telephone Directory under "Rubber Products" or "Rubber Goods."*

Compass—T. M. The Goodyear Tire & Rubber Company, Akron, Ohio

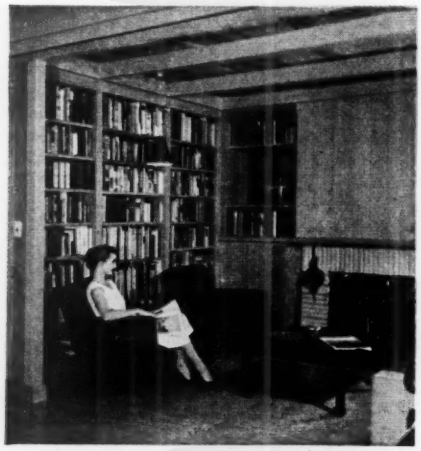
GOODYEAR

THE GREATEST NAME IN RUBBER

MINK on a western tree farm. The young Douglas fir trees in the background will provide wood for the future. This new forest crop was started by seeds from mature trees left standing near by as a seed source.

meeting America's demand for wood by tree farming...

The beauty and versatility of wood make it adaptable to any interior. Used in a natural finish, wood affords warmth and friendliness in the attractive den below.



All tree farms are forestlands which are privately owned and operated. Their owners are in the business of growing trees on a permanent basis to meet the nation's demand for lumber, plywood, paper, rayon and more than 4,000 other products in which wood is used.

Timber is grown in repeated crops on tree farms . . . in cycles of 80 to 150 years. When lands are harvested to furnish today's wood, plans are made for their reforestation. Healthy trees are left standing where they will naturally reseed the cutover land and other favorable conditions are also created for growing the new tree crop. It is the objective of tree farmers to balance the amount of wood harvested with the volume of wood grown. To help safeguard this balance, tree farmers must constantly protect their forests from fire, insects and disease.

Today, more than 32 million acres of forestland are managed as tree farms by about 5,700 private owners. All Weyerhaeuser Timber Company forestlands are a part of the tree farm system . . . a system dedicated to a permanent wood supply for America. *Write us at Box A, Tacoma, Washington for a free booklet,* ***Tree Farming in the Pacific Northwest.***

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WEYERHAEUSER

4-SQUARE

THE TRUTH ABOUT RADIOACTIVE FALL-OUT

To people who live in mortal fear of an H-bomb, here's new hope:

It is possible to escape being killed by radioactive fall-out if proper precautions are taken.

This assurance comes from Lewis L. Strauss, Chairman of the Atomic Energy Commission.

It is based on official AEC studies of the effects of numerous test-bomb explosions.

The safety rules are simple. If these precautions are not taken, however, an H-bomb could kill people 190 miles away, and spread death over 7,000 square miles.

This tells how to survive an H-bomb.

by Lewis L. Strauss

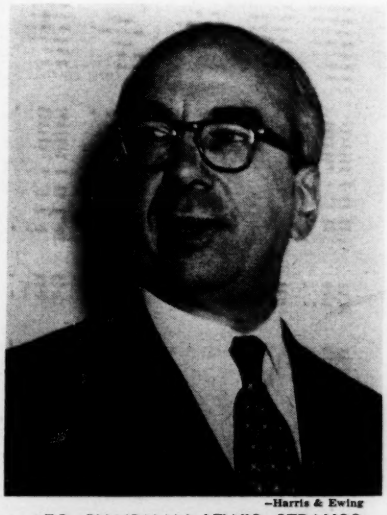
Chairman, Atomic Energy Commission

"Fall-out" is the word now applied to a phenomenon that follows the explosion of a nuclear weapon. Such an explosion, if the fireball touches the surface of the earth, draws up large amounts of materials into the bomb cloud. These materials subsequently fall back to earth as radioactive particles over a large area, mostly downwind and relatively close to the point of explosion—although the lighter particles are carried great distances. The main radioactivity of fall-out decreases very rapidly with time—for the most part, within the first hours after the explosion. An in-the-air explosion where the fireball does not touch the earth's surface does not produce any serious radiological fall-out hazard.

Since nuclear weapons are in possession of the U.S.S.R., the Commission believes the American people wish to be informed regarding the dangers of nuclear explosions and the measures which individuals can take to protect themselves if an atomic attack should ever occur. Therefore, the Commission has condensed the information which can be made public at this time on the effects of the explosions of high-yield nuclear weapons.

The following excerpts and summarized sections contain the highlights of the report itself.

The very large thermonuclear device tested at Bikini Atoll on March 1, 1954, was detonated on a coral island and the ensuing fall-out contaminated an elongated, cigar-shaped area extending approximately *220 statute miles downwind and varying in width up to 40 miles.* In addition, there was a contaminated area upwind and crosswind extending possibly 20 miles from the point of detonation. Data was collected from 25 points on five atolls located from 10 to 330 miles downwind (generally east) from Bikini Atoll. Due to an unexpected shift in the direction of the prevailing winds in the higher altitudes, the fall-out missed the observation rafts that had been placed farther north previous to the test firing. The estimated contour of the pattern of fall-out is, therefore, based only in part on data obtained from actual measurements and partly on calculations.



—Harris & Ewing

AEC CHAIRMAN LEWIS STRAUSS

Data from this and other tests permits *estimates* of casualties which would have been suffered within this contaminated area if it had been populated. These *estimates* assume: (1) that the people in the area would ignore even the most elementary precautions; (2) that they would not take shelter but would remain out of doors completely exposed for about 36 hours; and (3) that in consequence they would receive the maximum exposure. Therefore, it will be recognized that the estimates which follow are what might be termed *extreme* estimates since *they assume the worst possible conditions.*

On the basis of our data from this test and other information, it is estimated that, following the March 1, 1954, test explosion, there was sufficient radioactivity in a downwind belt about 140 miles in length and of varying width up to 20 miles to have seriously threatened the lives of nearly all persons in the area *who took no protective measures.*

Some distance farther from the point of detonation, at about 160 miles downwind and along the axis of the ellipse, the amount of radioactivity would have seriously threatened the lives of about one half of the persons in the area who took no protective measures.

Near the outer edge of the ellipse, or approximately 190 miles downwind, it is estimated that the level of radioactivity would have been sufficient to have seriously threatened the lives of 5 to 10 per cent of any persons who might have remained exposed out of doors for all of the first 36 hours.

Thus, about 7,000 square miles of territory downwind from the point of burst

OFFICIAL ADVICE:

What to Do When Caught in Fall-Out Area

DURING A FALL-OUT:

Go into a cellar — a cyclone cellar if available — wait there a few hours until fall-out ends.

Dig a foxhole, crawl into it for the same period, if no cellar is available. Or—

Get behind something for protection — a concrete wall or building, under roof if possible.

AFTER A FALL-OUT:

Scrub up, bathing thoroughly all exposed parts of body.

Change clothes, from skin out, burying your contaminated clothing.

Avoid contaminated food and liquids that may contain fall-out particles.

Sweep away radioactive dust with a broom, clearing an area big enough to give protection.

Hose down the area with water, if available, to get rid of fallen contamination.

was so contaminated that survival might have depended upon prompt evacuation of the area or upon taking shelter and other protective measures.

At a distance of 220 miles or more downwind, it is unlikely that any deaths would have occurred from radioactivity even if persons there had remained exposed up to 48 hours and had taken no safety measures.

The estimates cited above do not apply uniformly throughout the contaminated area inasmuch as the intensity of radioactivity within a region of heavy fall-out will vary from point to point, due to such factors as air currents, rain, snow, and other atmospheric conditions. Because of this and because most persons, if given sufficient warning, probably would evacuate the area or take shelter and other precautionary measures, the actual percentage of fatalities could reasonably be presumed to be considerably smaller than these extreme estimates.

In an area of heavy fall-out the greatest radiological hazard is that of exposure to *external* radiation, which can be greatly reduced by simple precautionary measures. Exposure can be reduced by taking shelter and by simple decontamination measures.

Test data indicates that the radiation level, i.e., the rate of exposure, indoors on the first floor of an ordinary frame house in a fall-out area would be about one half the level out of doors. Even greater protection would be afforded by a brick or stone house.

Taking shelter in the basement of an average residence would reduce the radiation level to about one tenth that experienced out of doors. Shelter in an old-fashioned cyclone cellar, with a covering of earth three feet thick, would reduce the radiation level to about 1/5,000 or down to a level completely safe, in even the most heavily contaminated area. Designs of shelters of simple yet effective construction have been prepared by the Civil Defense Administration and are available to the public.

Radioactive materials deposited during the fall-out may or may not be visible but would be revealed by radiation-detection instruments such as Geiger counters. Any falling dust or ash that can be seen downwind within a few hours after a nuclear explosion should be regarded as radioactive until measured by a radiation-detection instrument.

Care should be taken to avoid the use of solid foods or liquids that may contain fall-out particles.

If fall-out particles come into contact with the skin, hair, or clothing, prompt decontamination precautions such as have been outlined by the Federal Civil Defense Administration will greatly reduce the danger. These include such simple measures as *thorough bathing of exposed parts of the body and a change of clothing.*

Two other factors must be considered in evaluating possible hazards from radioactive fall-out. The first is the effect of internal radiation from fall-out particles swallowed in food or liquids. The second is the effect of radiation upon the germ cells which transmit inherited characteristics from one generation to another. It should be noted that in neither case is there reason to believe that weapons-testing programs of the United States have resulted in any serious public hazard.

The radioactive forms of strontium [an alkaline-earth metal] and iodine are the constituents of fall-out which are of principal concern as internal sources of radiation through ingestion. The concentrations of these substances from nuclear detonations to date have been monitored at many localities, and the amounts detected have been insignificant, compared to concentrations which would be hazardous.

There is a wide range of admissible opinion as to the genetic effects which radiation might have upon future gen-

(Continued on page 38)

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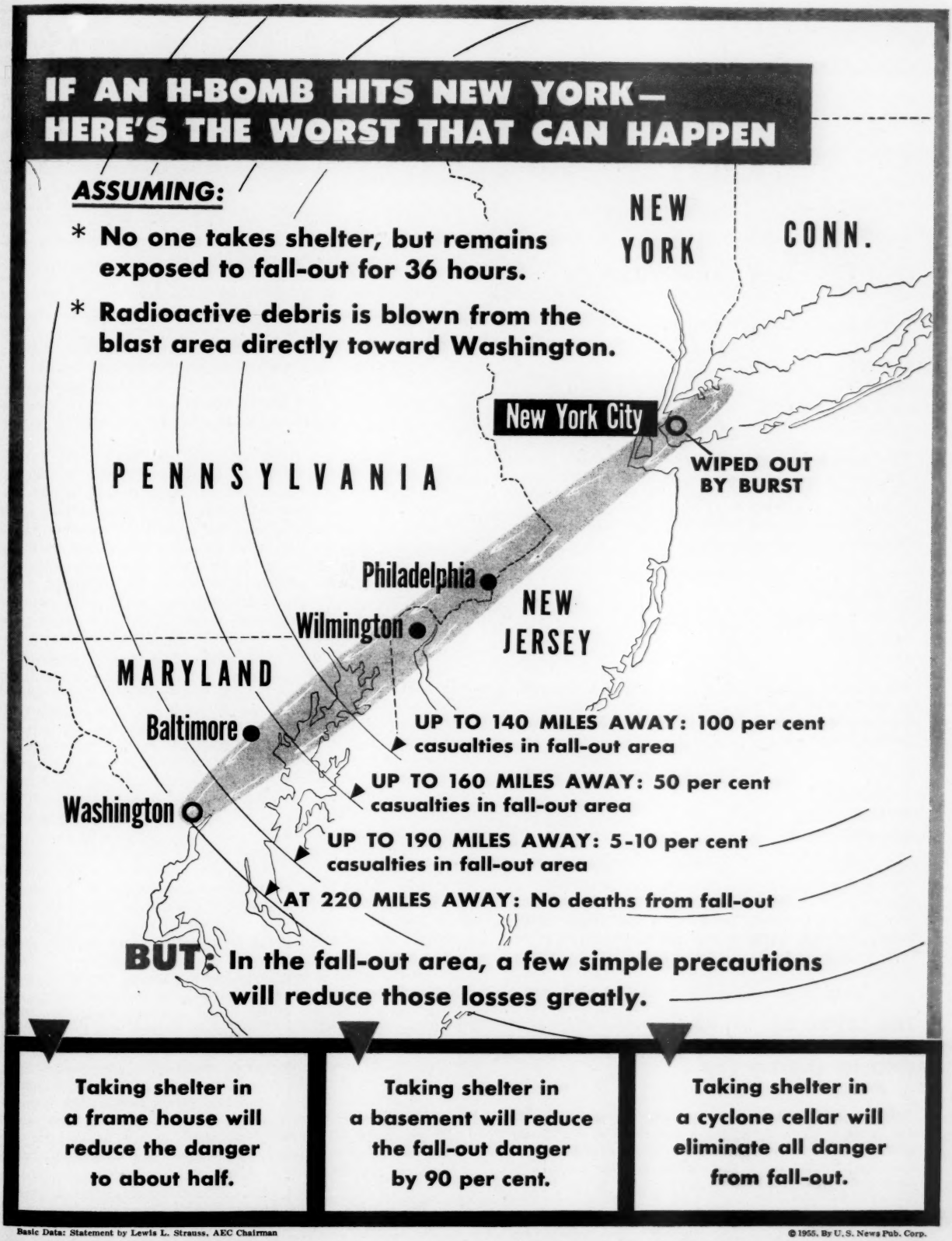
Source: Statements by Lewis L. Strauss and Willard F. Libby, AEC Commissioners


IF AN H-BOMB HITS NEW YORK—
HERE'S THE WORST THAT CAN HAPPEN
ASSUMING:
* No one takes shelter, but remains exposed to fall-out for 36 hours.
* Radioactive debris is blown from the blast area directly toward Washington.
NEW YORK
CONN.
New York City
WIPED OUT BY BURST
PENNSYLVANIA
Philadelphia
Wilmington
NEW JERSEY
MARYLAND
Baltimore
Washington
UP TO 140 MILES AWAY: 100 per cent casualties in fall-out area
UP TO 160 MILES AWAY: 50 per cent casualties in fall-out area
UP TO 190 MILES AWAY: 5-10 per cent casualties in fall-out area
AT 220 MILES AWAY: No deaths from fall-out
BUT: In the fall-out area, a few simple precautions will reduce those losses greatly.
Taking shelter in a frame house will reduce the danger to about half.
Taking shelter in a basement will reduce the fall-out danger by 90 per cent.
Taking shelter in a cyclone cellar will eliminate all danger from fall-out.

Basic Data: Statement by Lewis L. Strauss, AEC Chairman

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HOW DANGEROUS ARE H-BOMB TESTS?

These Are the Official Answers—

ARE FOOD SUPPLIES CONTAMINATED?

NOT DANGEROUSLY

"The amounts of radiostrontium and radioiodine [the two most dangerous fall-out substances] which have fallen outside the areas near the test sites as a result of all atomic tests up to now are insignificant compared to concentrations that would be considered hazardous to health."

WILL BABIES OF THE FUTURE BE "FREAKS"?

NO NEED TO WORRY

"The Commission's medical and biological advisers do not believe that this small amount of additional exposure [from test bombs] is any basis for serious concern at this time."

ARE NEARBY COMMUNITIES ENDANGERED?

NOT THUS FAR

"The highest actual dose of radiation at an off-site community has been estimated to be less than one third of the greatest amount of radiation which atomic-energy workers are permitted to receive each year under the Atomic Energy Commission's conservative safety standards."

IS THE LEVEL OF RADIOACTIVITY RAISED IN U.S.?

NOT APPRECIABLY

"It is important to recognize that the average amount of radiation exposure received by residents of the United States from all nuclear detonations to date has been about the same as the exposure received from one chest X ray."

© 1955, By U. S. News Pub. Corp.

Source: Statement by Lewis L. Strauss, AEC Chairman, and AEC report, beginning on page 128

erations, and conclusive data is not available at present on which to base an incontrovertible forecast. However, it is important to recognize that the average amount of radiation exposure received by residents of the United States from all nuclear detonations to date has been about the same as the exposure received from one chest X ray. The Commission's medical and biological advisers do not believe that this small amount of additional exposure is any basis for serious concern at this time.

Two important characteristics of any nuclear explosion, other than those from fall-out, are the effects of blast and heat, which are of the same nature for a thermonuclear bomb as for the earlier and smaller atomic bombs. The intensity and area of the blast and heat effects increase in relation to the greater energy yield of the explosion.

Much information on these two effects has already been published by the Atomic Energy Commission, but it might be recalled that an atomic bomb of the earliest type, equivalent to 20,000 tons of TNT, would produce blast and heat sufficient to destroy, or damage severely, buildings within a radius of more than one mile from the explosion point. The United States has developed fission bombs many times as powerful as the first atomic bombs, and hydrogen weapons in the ranges of millions of tons (megatons) of TNT equivalent.

The hazard from both burn and blast effects well *outside* the central target area would be reduced greatly by shelter. Clothing or almost any kind of shelter would reduce the danger of direct burns, although there might be danger of clothing and structures becoming ignited. Also, shelter would materially reduce the hazard of blast injury by affording protection against flying or falling debris. As is generally known, the shelter afforded by ordinary city buildings would not suffice within the central area surrounding the point of explosion of a large nuclear weapon. For this reason, the Federal Civil Defense Administration recommends evacuation of the central areas of target zones on early warning of approaching attack.

Only relatively small nuclear test explosions are conducted at the Nevada test site, in contrast to the tests of high-yield thermonuclear devices at the Pacific proving grounds. In Nevada, as well as in the Pacific, all tests are planned for times when forecast weather conditions minimize the possibility of fall-out hazard. High air bursts at the Nevada test site have produced no significant fall-out; heavy fall-out from near-surface explosions has extended only a few miles from the point of burst.

The hazard has been successfully confined to the controlled area of the test site. The highest actual dose of radiation at an off-site community has been estimated to be *less than one third of the greatest amount of radiation which atomic-energy workers are permitted to receive each year under the Atomic Energy Commission's conservative safety standards.*

In the event of war involving the use of atomic weapons, the fall-out from large nuclear bombs exploded on or near the surface of the earth would create serious hazard to civilian populations in large areas outside the target zones. The Atomic Energy Commission hopes that these dangers will never be experienced by mankind.

However, until the possibility of an atomic attack against us is eliminated by a *workable international plan for general disarmament*, the study and evaluation of the effects of weapons which might be used against us and the improvement of our means of self-defense are a paramount duty of our Government.

For full text of the Atomic Energy Commission's report on the effects of nuclear explosions—page 128.

ALL ABOUT THOSE CHINESE ISLANDS

U. S. May Have to Fight for Them—What They're Like

Threat of an "island war" off the China coast is forcing Americans to get acquainted with some new real estate.

Formosa is not the only prize in the Far Pacific. Strange names and strange places—Quemoy, Matsu, Nanchi—are involved.

Here is the story of the newest U. S. defense area.

TAIPEI, Formosa

The United States now is committed by treaty to defend some of the islands off the China coast. These islands are more than 6,000 miles from California.

Communist China is publicly committed to take the same islands. They are only 100 miles from the Communist mainland.

In what follows you get a picture of the islands that U. S. may have to fight to save.

Formosa. This island is about half the size of the State of South Carolina. It is shaped like an oval leaf tilted toward the Chinese mainland.

The southern tip of Formosa points to islands of the Philippines only 100 miles down the South China Sea. The northern tip of the island points to Japan, just 500 miles across the East China Sea.

From Formosa, in World War II, the Japanese launched their invasion of the Philippines. An unfriendly power on Formosa today would outflank U. S. bases in Okinawa, Japan and the Philippines. U. S. strategists say that Formosa in enemy hands could force U. S. Pacific defenses back 3,500 miles to Hawaii.

The island itself is semitropical, fertile, green the year around. Near the Pacific coast are mountains two miles high. Their eastern sides drop to the sea in great cliffs. Their western slopes fall gently down to the western plains. Pale-green bamboo forests there turn to terraced rice fields, to the darker green of vegetable fields.

There are about 10 million people on Formosa now. The original inhabitants are of Malay origin. About 100,000 of these still live as aborigines in the mountains.

The Chinese came here centuries ago. They called the island "Taiwan," which means "terraced bay." They found the living good. They settled down and called themselves "Taiwanese." They developed an intense dislike of their two near-neighbors, the mainland Chinese and the Japanese. Both often came to Formosa as pirates, raiders or conquerors.

Portuguese explorers called the island "Formosa" which means "beautiful." Dutch and Spanish traders used Formosa as a base for business with the mainland. At the end of the last century, Japan took Formosa. For 50 years the Japanese developed it as "Japan's farm." They sold Formosa's camphor the world over. They grew food for Japan there.

Cities on this island look like Japanese cities. Office buildings are Japanese versions of Western-style buildings. Houses are like Japanese houses. Roads, dams, railways, ports and airfields are Japanese-built.

About 2 million mainland Chinese have swarmed into Formosa since World War II. They came when Chiang Kai-shek took over the island, after the Japanese gave up control, and in 1950 when the Nationalists fled to Formosa.

Once there were 600,000 mainland Chinese in uniform on Formosa. Many of the best of these, trained and armed by the U. S., now are guarding the offshore islands which defend Formosa.

The Pescadores. There are 64 of these islands and they also are all under U. S. protection by treaty. They protect Formosa's western flank and are only some 20 to 30 miles off Formosa, but about **80 miles from the mainland.**

To mainland Chinese, the Pescadores are "the steppingstones" to Formosa. The Manchus took the Pescadores before they tried to take Formosa from the mainland. An airfield and an excellent harbor in these islands are used to protect Formosa today.

The name "Pescadores" means "fishermen." Most islanders are fishermen. They share fishing grounds even today with mainlanders. They get information of interest to Chiang's Nationalists and, presumably, give it, too.

There were 73,681 people in the Pescadores in the last census. Some try farming on the islands, but only sweet potatoes and peanuts do well. Strong winds blow almost all the time. Water is short. Houses on the Pescadores are built low with flat roofs to stand against the winds.

The three largest islands in the Pescadores protect a deep harbor which makes a good, small naval base. Area of the islands, all of them, is less than 50 square miles.

Nationalist troop strength on the Pescadores is only about 10,000 now. It would be much more if the Nationalists ever lost or abandoned the offshore islands which block the seaways to both the Pescadores and Formosa.

Quemoy. The Quemoy islands are not officially under U. S. protection. But the U. S. has made it plain that, under certain circumstances, the U. S. may fight to defend the Quemoys. U. S. reasoning is plain when you see these islands.

There are four islands in the

How One Briton Views U. S.

LONDON

Ian Mikardo, a left-wing Labor Party member of the British Parliament, had this to say about the U. S. and Formosa in a speech at Liverpool on February 13:

"American behavior over Formosa and the Chinese islands is worse than criminal—it is just plain stupid. When they say that an island which is 100 miles from China and 6,000 miles from America is of no concern to the Chinese, but is a part of the American defense system, they just make a laughing stock of themselves all over the world.

"If it is any consolation, I don't believe for one minute that there is the least danger of a major war breaking out over the issue of the Chinese islands. The Americans threaten, but they won't fight—simply because this is one war they might expect to have to fight on their own, and nothing in the recent history of America suggests that they have any stomach for fighting a war without the halo of respectability conferred on them by having a large bunch of allies. If Sir Anthony Eden makes it quite clear to Eisenhower that we shan't tag along behind American forces in support of Chiang Kai-shek, that will be virtually a guarantee of peace."

Quemoy group. Two are tiny, barely big enough to hold several companies of men. They are Ta-tan and Erh-tan.

Big Quemoy and Little Quemoy together add up in area to about the size of Staten Island in New York Harbor. They block the entrance to the harbor of Amoy, the biggest and best-equipped Chinese Communist port on the mainland opposite Formosa.

You can see Amoy clearly from the Gibraltar-like gun emplacements on rocky Little Quemoy.

Big Quemoy teems with life. There are 40,000 civilians here, farmers and fishermen. They grow sweet potatoes, keep chickens and pigs.

Today, Quemoy is a military base. The pick of Chiang's troops—50,000 of them—are on duty here.

As long as Chiang's troops hold Quemoy, the Communists cannot use Amoy as the base of an invasion against Formosa and the Pescadores. As long as they threaten to take Formosa, the U. S. may view an attack on Quemoy as the start of an attack on Formosa, a strike against Formosa's defenses. In this case the U. S. may fight.

Matsu. Matsu, like Quemoy, is not officially guaranteed by the U. S. But the U. S. may fight to defend Matsu just as it may fight to defend Quemoy.

Matsu is rocky and precipitous, about six square miles in area. On Matsu, a Nationalist garrison of about 6,000 troops can deny the Communists full use of the port of Foochow on the mainland. Matsu itself is just over 90 miles from Formosa.

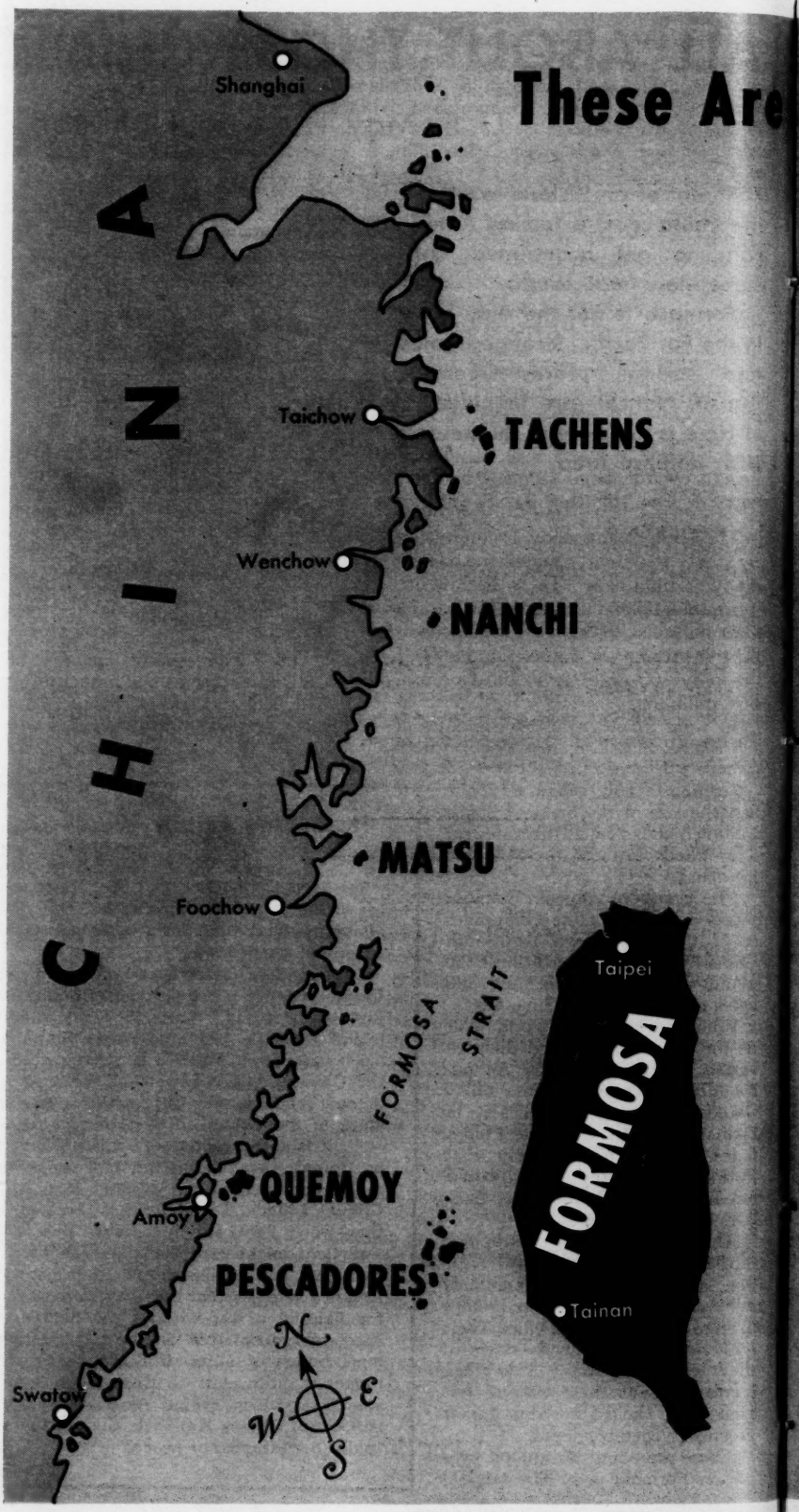
Some 11,000 civilians live in the tiny villages cut into Matsu's cliffs. Like other inhabitants of offshore islands, they live mainly by fishing. In peacetime, they exacted small fees for "protection" from the skippers of junks coasting with the winds from Southeast Asia up to Shanghai. Today the men of Matsu, as guerrillas, help the Nationalists raid the mainland.

Nanchi. The main island of this group is not officially under U. S. protection. Its civilian population of 1,800 has been evacuated to Formosa. The Nationalist garrison of about 3,000 is at the northern flank of the Nationalist offshore positions, 120 miles from Formosa.

The slopes of Nanchi's brown, bleak hillsides are strewn with huge black boulders. There are three beaches where landing craft can run ashore.

Nanchi is outside the range of Communist guns. It is a good base for Nationalist raids against the mainland. Armed launches out of Nanchi can and do harry Communist shipping bound for Shanghai.

The Nationalists on Nanchi appear to be set for a fighting defense of the island or a swift withdrawal—either one. It is



"The Islands" Off China

FORMOSA—Half the size of South Carolina. 10 million inhabitants. Very fertile plains; mountains 2 miles high. Headquarters for Chiang Kai-shek's forces of 600,000 men. Under U.S. protection by treaty. 100 miles from Red mainland.

PESCADORES—64 small islands totaling less than 50 square miles. Population: 73,681. Fine, protected bay and port. Soil rich, but water short. Formosa is 20 miles away; the mainland, 80 miles. Under U.S. protection by treaty.

QUEMOY—4 islands. Total area, about that of Staten Island in New York Harbor. Civilians: 40,000. Troops: 50,000. The Quemoys block the Communist port of Amoy, best base for Communist attack on Formosa. Not officially under U.S. protection unless Formosa is threatened.

MATSU—Rocky main island of 6 square miles. Civilian population: 11,000. Nationalist garrison: 6,000. Blocks port of Foochow on mainland 18 miles away. 90 miles from Formosa. Not under U.S. protection unless Formosa is threatened.

NANCHI—Main island 30 miles off the Communist mainland, 120 miles from Formosa. It is 6 square miles in area. Population of 1,800 civilians evacuated to Formosa. Nationalist garrison: 3,000. Not officially under U.S. protection.

TACHENS—210 miles from Formosa. Abandoned to Communists. 15,000 civilians, 10,000 troops evacuated with help of U.S. Navy.

close enough to Formosa to permit air and naval support.

The Tachens. These islands are gone, now. They were abandoned to the Communists by the Nationalists. The U. S. refused to help defend the Tachens after the Communists stormed and captured a nearby island, Yikiang. With U. S. help, the Nationalists withdrew 15,000 civilians and a garrison of 10,000 troops.

In Nationalist hands, the Americans argued, these islands looked like a threat to Communist China. The coast opposite the Tachens, 210 miles from Formosa, provided easy access to Shanghai and the Yellow River Valley. By abandoning the Tachens, it was felt, the Communists would be advised that the U. S. did not intend to support any invasion of the mainland by Chiang's troops.

These, then, are the islands which are causing all the trouble between Communist China and the United States.

Main prize. Formosa is by long odds the most important of the islands. Formosa today is the stronghold of the Chinese Nationalists. Here they are trying to create a model Government.

Land reform has broken up large estates. Small farms abound. Food production has soared. Formosa is virtually self-sufficient in foodstuffs today.

Prewar industries, destroyed by bombing, have been restored and expanded.

There is evidence of U. S. aid all over this island. Farm tools are American made or made in Japan with U. S. funds. Seeds, many of them, come from the U. S. Economic aid to Formosa from the U. S. runs over 110 million dollars a year.

You also see quickly that Formosa is a gigantic military base. The Nationalists who run this island expect, one day, to go back to the mainland.

At least 80 per cent of the Nationalist budget goes to the military. Government, too, is mainly military. American officials call Formosa "a benevolent police state 70 per cent of the time." Police comb the island in an unending search for Communist agents.

Most troops under Chiang's command are on Formosa. Only about half of the 600,000 are combat troops, perhaps only 200,000 are crack first-line troops.

For the U. S., Formosa is of great importance. The U. S. does not want this island. But the U. S. is determined to keep a Communist power off Formosa.

Communist China, which already has fought the U. S. and its allies in Korea, is not to be permitted to take over an island which can threaten U. S. Pacific defenses.

For official U. S. policy on Formosa and its outpost islands, see an address by Secretary of State John Foster Dulles, in full text, page 91.

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Interview —with ADM. ARTHUR W. RADFORD

Chairman, Joint Chiefs of Staff

"WE GIVE MILITARY ADVICE ONLY"

Just what part do military officials play in formulating national policy? Is there a stalemate around Formosa? Will the situation there stabilize soon?

To get answers to these and other questions, the Board of Editors of *U.S. News & World Report* invited to their conference room Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff.

Admiral Radford, in the interview given here, discusses frankly some of the big questions that are concerning Americans in these troubled times. He tells here for the first time how the Joint Chiefs of Staff operate, and how they try to make sure that this nation is ready for any emergency.

This is an inside look at what goes on in planning the defense of the United States.

Q We keep reading newspaper comments, Admiral Radford, that you favor "preventive war." I've never seen anything you've said to indicate that—

A Neither have I.

Q Well, would you advocate preventive war?

A No, and I never have. I would call attention to the fact that, individually and collectively, the Joint Chiefs of Staff have had considerable experience in past wars. Each knows the full meaning and impact of war. There is always the danger of our national security becoming seriously threatened, and, of course, we do work for the security of the United States. At the same time, I don't think you could find a group of men anywhere who are more dedicated to the cause of peace than the Joint Chiefs of Staff.

Q That's not the popular impression—

A No. The fact that we have to deal constantly with military matters and critical situations seems to give some people the notion that we would like nothing better than a good war someplace. Such is not the case.

Q Does your dislike of war stem from feeling you are directly responsible for the lives of the men you order into action, or is it a general interest in peace?

A Both. I think it is a combination of the real meaning of war, its destructive effects, and the realization that a lot of families are going to be hit pretty hard when the casualty lists start coming in. No! No experienced military man could want a war.

Q I have seen in London newspapers considerable use of the term "trigger happiness." When our forces are ordered to patrol an area the United States is supposed to be "trigger happy." What would you say of that expression?

A I think it is uncalled for and just indicates a lack of knowledge of both the real attitude of the American people and the basic policy of the United States. No country demonstrates more restraint or more sincere willingness to explore, discuss and study possible courses of action to prevent war than does the United States.

Q Maybe by "trigger happiness" they mean "trigger readiness." I think it was Admiral Pride, the Seventh Fleet Commander, who said they would shoot back instantly if the approach was hostile. Isn't there a difference between "trigger readiness" and "trigger happiness"?

A Whoever wrote about "trigger happiness" probably knew better. There is a great difference between being ready to defend yourself and attempting to start something. One of our most important tasks is to try to avoid war by maintaining positions of strength in certain situations.

Q But we have forces exposed close to enemy areas. Jet planes fly so rapidly at great air speeds, isn't it conceivable they may misunderstand each other's intentions—there may be shots fired?

A Yes. There are situations all over the world that could result in action—actions that 100 years ago might have led to war. Today, with our rapid communications and general understanding of the tensions, they don't.

Q Wasn't there an incident on 5 February just off Korea?

A Yes, there was. Communist jets attacked a B-45 jet aircraft over international waters, and our Sabre jets protected that aircraft.

Q Those isolated incidents don't start wars any more?

A No, they don't.

Q There would be quite a difference between an attack on an airplane and an attack on a base?

A Oh, yes.

Q As to those planes flying off Communist coasts—isn't there a chance of frequent mix-up with the enemy in that area?

A Yes. And Communists do fly over the territories of our friends and allies occasionally.

Q Do we open fire on intruders in cases like that?

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Joint Chiefs Do Not Set Foreign Policy . . . "Preventive War" Never Advocated . . . Invasion of Formosa "Impossible"

A Yes, if we can identify them.

Q If we knew it was a Chinese Communist plane coming into South Korea, would we fire?

A Yes.

Q Would the local commander have that authority?

A Yes. It would be a clear-cut violation of the armistice agreements, and there wouldn't be any question about it.

Q Isn't there a difference of opinion among military men as to when to react to an enemy? Isn't it conceivable for one military leader to feel it would be better to react quickly, while another would say, "Let's wait a while"?

A I don't believe you could generalize that subject. Judgments and opinions of that nature would greatly depend upon circumstances; and it must be remembered that, in the final analysis, the President and the Congress make the decisions.

Q But there could be differences of opinion and obviously are. Isn't that perhaps the basis of the feeling that you, sir, favored a tougher policy than other members of the Joint Chiefs?

A I suppose it is the basis some people have used who write about it, but I don't think there are grounds for it.

Q Isn't there quite a change in how we can handle a local war now because of the airplane? We used to send a cruiser to a port—

A That, too, is something difficult to generalize about. Sometimes the presence of a ship or a squadron of airplanes in a given situation might have a very salutary effect. In other situations, it might not. In many cases, if you really want to control a situation on the ground, you've got to have military personnel there on the ground. They may not have to be in great numbers, but the visible presence of a military force, whatever its service, is often a very stabilizing effect.

Q When Secretary of State Dulles made his statement about massive retaliation, it was said that we had a good strategy to handle big wars. Have we developed a satisfactory strategy, and the instruments, to take care of little wars now?

A Militarily, I think we have. I think difficulties in the smaller situations come from international political complications and the fact that our allies may have diverse feelings on the matters which must be considered.

Q Would you say that applies to Formosa waters now?

A Yes.

Q The fact we haven't sent ground troops to Formosa would indicate that we are not planning, for example, any invasion of mainland China, which the Peiping radio keeps talking about—

A Certainly we are not planning an invasion of the mainland. Of course we have, as you know, ground troops in the Western Pacific. They were not put there to invade someone's territory but to defend against Communist aggression.

Q So the inference drawn by the Communist radio is obviously untrue?

A I think they know it to be untrue.

Q Do you feel that indigenous ground troops can handle the situation in Formosa?

A With our help, yes.

Q Air and naval help, that is?

A Yes.

Q Looking at Formosa purely as a military problem, would it be feasible for an invasion force from Formosa to invade the mainland without our help?

A No.

(Continued on next page)

—USN&WR Photos

ADMIRAL RADFORD: "Free nations are collectively stronger than at any time in recent years"

. . . "Both sides know they cannot invade each other"

Q Conversely, would it be possible for a Red force coming from mainland China to invade Formosa without encountering the strong naval and air forces we now have in the area?

A No. A major operation against significant opposition over 100 miles of water is quite an impossible task for them at this time. Actually, it is a situation I think can be stabilized. There will be a lot of talking on both sides, but it can be stabilized.

Q Has the net effect of all the steps we've taken in the last several years been to stabilize the Formosa area?

A That's the purpose of the resolution Congress just passed.

Q But even before the recent joint resolution, when orders were given to the Seventh Fleet to protect Formosa, wasn't the purpose to stabilize?

A That's right.

Q And since the Korean war, there has been no "possibility" of a major invasion in the Far East, either way?

A No "probability."

Q So we've been talking all the time about impulses that haven't been implemented by any military force?

A Well, you say "we've been talking"—I haven't been. I think both sides know they cannot invade each other.

THE CHANCE OF WAR—

Q The chance, then, that this Formosa situation will grow into a major war depends not so much upon an accident in the Far East, but on deliberate planning by one or the other, or both?

A It is quite obvious from the statements issued by the United States that war could only occur as the result of a desire by the Communists to start one.

Q Is it possible, Admiral, to have an impression at this time that the Formosan crisis is getting hotter or cooling off?

A The Chinese Communists don't seem to be trying to cool it off.

Q Admiral, what do you think is the Chinese Communists' ability to carry out their threat to "liberate" Formosa?

A As I previously stated, they cannot do it at this time. They just do not have the military capability to carry out an amphibious operation of the scale required, particularly in view of the announced U.S. position and the immediate availability of U.S. naval and Air Force forces to counter such an operation. I continue to be amazed at the credulity of so many people in accepting the theme of Chinese Communist strength. It is indeed an amazing paradox that an offensive posture can be maintained and initiative achieved with no real substance to back it up.

Q Is war inevitable some day in Asia?

A War is never inevitable when both sides demonstrate good will and the desire for peace. In Asia, at the moment, it seems to me that peace depends primarily upon the Communist regime's emphasizing by deeds and actions, and not just by words and promises, that they really believe in peace.

Q Admiral, haven't we actually given up one group of offshore islands?

A We assisted in the redeployment of Chinese Nationalist forces from the Tachen islands. All things considered, I believe the Chinese Nationalist decision was a wise one.

Q Since we are pledged to assist in the defense of Formosa and the Pescadores, do we not have authority over their decisions as to what constitutes the minimum outpost for defense?

A No, we don't, but of course we talk over matters of common concern. The defense of Formosa and the Pescadores is the job of the Nationalist Government of the Republic of China, and we have agreed to help them in that task.

Q Admiral, would there be serious psychological repercussions if other offshore islands were let go?

A That's a point. You do have to consider the psychological aspects of any further extension of the power of militant Communism.

Q Isn't that the explanation of what resulted from the fall of Dienbienphu?

A I think so.

Q Reports have been published that back in 1948 and 1949 we were willing to write off Formosa. Isn't that a changeable thing, Admiral—what is "in" your line of defense and what is "out" of it?

A In the last few years, we have pretty well finalized in most of the world what we think is important.

FORMOSA'S VALUE TO U.S.—

Q Is Formosa vital to our security? What is the military thinking?

A The Joint Chiefs feel that these islands should remain in friendly hands. We had an unhappy experience in World War II in the Pacific when Formosa was in unfriendly hands. The attack on the Philippines came from Formosa. It's a big island and can be a big base. It is located astride the lines of communication north and south, sea and air. In the hands of an unfriendly power it would make the defense of the Philippines, Okinawa and Japan much more difficult. It would create a breach in the island chain of the Western Pacific—a chain which to my mind constitutes an important part of the security structure of many free nations.

Q Could the Communists base submarines on Formosa?

A Yes, if they were to have Formosa under their control.

Q Would you say the amount of hostile navy in the Far Pacific is substantial or insignificant?

A There is a substantial submarine force.

Q Are there any aircraft carriers?

A No. Communist naval power in the Pacific is primarily based on the Soviet submarine fleet.

Q Are their submarines very active on the high seas?

A Not particularly.

Q There is no reason, theoretically, why they should not wander anywhere they choose on the high seas, is there?

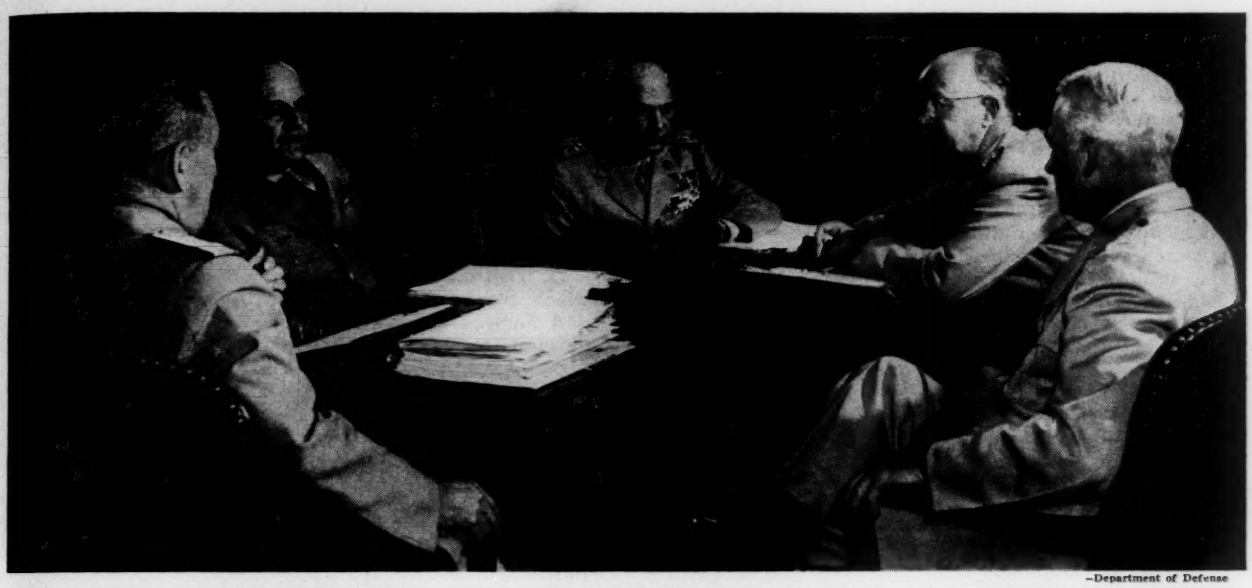
A That's right.

Q How close can submarines approach a hostile shore without being fired on?

A Submarines are like other naval vessels. They can operate anywhere on the high seas or international waters. International waters are usually defined as three miles off the coast—that's generally accepted. Certain countries have made other claims which have not been generally accepted.

Q Is the three-mile limit difficult to define?

A There are places in the world where that distance is hard to define. Most nations avoid difficulty by not conducting naval operations too close to accepted limits. Also, by international arrangement, if combatant vessels visit a port, or operate near a port, they usually announce their schedule in



—Department of Defense

JOINT CHIEFS OF STAFF MEET: ADM. RADFORD, GEN. RIDGWAY, GEN. SHEPHERD, ADM. CARNEY, GEN. TWINING

"They probably have as complete a military picture as any group of men could have"

advance. Diplomatic custom is to say, "We're operating our naval vessels near your country."

Q I'll ask you the $64 question because that is what the public is talking about, from one end of this country to the other. The big question is, "Are we likely to have a big war soon?"

A That is something we cannot control. All I can say is that I am sure the United States will do all it can to avoid a war—big or little.

Q You can't take anything for granted as to the Communist's intentions? You have to watch their actions and reckon with their capabilities as well as their intentions—is that it?

A That's right.

Q Is there evidence in Asia of a military build-up for a major war on the part of Russia and China combined—a build-up such as precedes the outbreak of a major war?

A The Russian and Chinese Communists combined have very sizable military forces. They have mammoth Army forces. They have air forces which they are improving all the time. The naval forces are, as I said, principally the Soviet submarine forces, although Soviets also have quite a naval air arm in the Far East. All together, the Communist bloc has the strength, the capability, to start a major conflict in the Far East—or anywhere else, for that matter.

Q As to our strength around the world: Do we seem in a position of relative strength now?

A I think so. Our policy is to build balanced Allied strength. I would say that free nations are collectively stronger than at any time in recent years.

Q Much more so than just a few years ago?

A That's right. Our strength does not consist of matching soldier against soldier, ship against ship, or plane against plane. Rather, our strength is in the development and maintenance of military forces so composed and so deployed in the light of the geographical position of the United States and the military contributions of our allies as to provide the best possible balanced collective strength.

Q Is there real strength in a coalition, or only weakness?

A I believe there is real strength, provided we continue to generate true unity of purpose, firm resolution, and a willingness to make sacrifices, commit resources, and incur risks for the common good.

Q Yes, but how is this true unity of purpose and strength achieved?

A It is recognized, of course, that the military is only one part of our over-all strength. Equally important are the spiritual convictions and ideals for which men are willing to fight if necessary. A nation or group of nations can only be as strong as the unity of purpose of its citizens. In the military, we feel a need to enunciate clearly the ideals that we believe are necessary to our national strength.

Q Do you have an educational program designed specifically to do this?

A For the men in uniform, yes. We have a program that emphasizes the basic freedoms and the basic responsibilities of each individual as it relates to every part of his life.

Q Is it correct to say that the primary function of the Joint Chiefs is to give only military advice?

A Yes, although another principal function is to prepare military plans for contingencies of any kind which might involve the armed forces of the United States.

Q It's often been suggested that you participate in formulating foreign policy. Is that true?

A Only to the point of expressing our opinion from a military point of view. There is often no clear line of demarcation between foreign and military policy in the formulation of national policy. Instead, there is overlap. There are military implications in foreign policy and, conversely, political implications in military policy.

Q If the Government wants to go before the United Nations in some negotiation, let's say, or if the State Department wants to send a note to Russia, that isn't strictly within your purview?

(Continued on next page)

. . . Blockading China "would not be a decision by the military"

A No, but, as I say, we probably would be asked for comment if military matters or implications were involved. The Joint Chiefs of Staff's procedure would be to consider possible military implications or reactions, and evaluate the pros and cons of such implications and reactions from a military standpoint.

Q To what do you attribute the tendency in some places to ascribe to you or other members of the Joint Chiefs definite attitudes of policy and policy making in the foreign field when you tell us you give only military advice?

A It's a bit puzzling to me.

Q Newspaper stories are printed from time to time indicating you had a policy of your own about the Far East. Is that true?

A Well, it can't be true, because neither the Joint Chiefs of Staff nor the individual members of the Joint Chiefs make policy. We simply give advice on military aspects of policies. Once national policy is established, we govern ourselves accordingly.

THE BLOCKADE QUESTION—

Q What about your reported view on blockading the China coast?

A That would not be a policy decision taken or made by the military Chiefs. It would be a matter of national policy to be decided by the President as Commander in Chief after careful, deliberate consideration of all the factors involved.

Q Were you at one time prepared to blockade the China coast?

A During the Korean war, it was a military course of action which, as Commander in Chief of the Pacific Fleet, I was prepared to implement if ordered to do so. Then, United Nations troops were fighting Communist forces, Red China's troops were killing Americans, and there were good military reasons why we had to be prepared further to reduce the possibility of strategic material reaching Red Chinese ports.

Q Might we in the future have a situation arise in which a blockade, perhaps in conjunction with other measures, could be an effective step in support of national policy?

A Speaking hypothetically, we might, but I would not want to prejudge anything like that. Maritime nations who control the seas always have a sea blockade as a course of action available to them. The blockade of a coast is a possible course of action to be used if and when our Government should decide it is needed. Military planners very well may have to consider it and have plans for implementing it.

Q Would the Joint Chiefs of Staff make a decision of that type in any circumstance?

A No, they wouldn't. What we would do is advise as to the desirability or effectiveness of such a measure from a military point of view. We would advise as to what forces would be required, and comment on whether we had those forces readily available, or how long it would take to get them. And we would attempt to assess the possible military reactions which might come from institution of such action.

Q Do the Joint Chiefs strive to have unanimity of opinion?

A If we all arrive at the same conclusion, then our military plans and advice can go forward with a unanimous opinion. I would say that in the vast majority of problems that come before the Joint Chiefs there is complete agreement.

Q But you do have some disagreements?

A Yes, a few. On certain questions there are bound to be differences of opinion—sincere differences based on good background information. I've often said I would worry more if we didn't have some disagreement. In these times, no one can be certain what is going to happen.

Q What do you do when there are differences of opinion which seem irreconcilable?

A Rather than drag out a difference in judgment that is obviously not going to be resolved, we refer it for decision to higher authority. That's so we can go on with other work.

Q Do you vote?

A No.

Q You don't decide things by a 3-to-1 vote?

A There is no vote. We don't decide things that way. Sometimes that's misunderstood. We review the facts and attempt to reach agreement. If we don't agree, all views are forwarded.

Q As Chairman, do you determine what weight to give to which view?

A No. If it isn't unanimous, then we present all views plus the reasoning behind each view.

Q Do these viewpoints go forward in rather complicated form or are they simplified?

A All of us try to keep our papers short and clear.

Q If one Chief has one view and another has another view and a third another view, all three views would be presented in their entirety, without dilution or censorship?

A That's right. Each would prepare his own.

Q Is it conceivable in a situation of that kind that the President might call in each Chief separately and have him discuss his view?

A Yes, especially if the question were of great magnitude.

Q In your contacts so far with the President, have you found him able to understand your reports very quickly?

A Exceptionally so.

Q Supposing you had a President with only civilian background and very little knowledge of military affairs, would the Secretary of Defense attempt to reconcile differences?

A Oh, yes. He does now. He is the first civilian in the chain above the Joint Chiefs of Staff and he normally would decide most questions.

PRESIDENT AND A-BOMB—

Q Are you satisfied with the system we've set up so as to decide quickly whether or not to use atomic bombs in a given situation?

A I am satisfied with respect to the federal statute which authorizes employment of atomic weapons only upon direction by the President. I think that is proper. I am confident the President would act as necessary if he felt that the security of the United States was in jeopardy.

Q He could act quickly then?

A He is the Commander in Chief of the United States armed forces. He is the authority who would decide when the security of the United States required any immediate action.

Q Many people have been wondering whether, in a crisis, Allied civilian cabinets could meet and civilian agencies begin to function before Detroit would have been destroyed.

. . . Each Joint Chief has "obligation to look at over-all picture"

We've wondered whether you were set up to function with the Allies quickly?

A Yes, although our setup can be improved. On the other hand, I think in all this speculation people forget that in times of great crisis, decisions often are so obvious and so logical that responsible national leaders don't take long to make them.

TENSION: A TIP-OFF—

Q And you think there would be an advance period of tension so acute that Allied machinery would start functioning?

A That is part of the real answer to rapid decisions. With all the machinery we have set up today through the United Nations, a tense situation coming up probably would be fairly obvious. A great deal of preliminary understanding could be reached by the Allies beforehand.

Q Is military advice with respect to critical areas—Indo-China and the general Far Eastern area—is that advice given voluntarily or as a result of specific requests from the President and the Security Council?

A Both. As military advisers, the Joint Chiefs of Staff are asked for their views on policy matters before the Security Council. Also if, in their studies, the Joint Chiefs feel there is a possibility trouble will break out, they should, in my opinion, initiate advice as to the best course to follow.

Q Based upon information available to them?

A Yes. After all, the Joint Chiefs have a great deal of information available to them. They probably have as complete a military picture as any group of men could have.

Q Is a large part of it unknown to the public, or would you say the news media all over the world generally are abreast of military developments?

A For the most part, a great deal of information about tension spots is available to the public all over the free world.

Q There are no invisible developments—hidden things?

A Oh, there might be under certain circumstances.

Q I was thinking of hostile military movements—

A We should know about them—and, in some cases, they might not be public knowledge.

Q So you are aware of any military threats or movements ahead of the general newspaper world?

A We try to be.

Q Take Indo-China: Did you know ahead of time what was going to develop in that area?

A To an extent, yes. In our studies, we anticipated that Indo-China would become a trouble spot of world importance, but I wouldn't say we knew everything about what was to develop. Actually, that is a pretty good case of an area hot spot about which the whole world had a good deal of information. It is also a case where the military situation was so intermingled with large political and psychological considerations that you couldn't make a strictly military assessment of the problem.

Q And yet you had to?

A Well, we made our military assessments on certain assumptions, but then we couldn't always depend upon our assumptions. In a situation of that kind, you have to make several assessments on several different sets of assumptions. You make your evaluation in two or three ways—or more.

Q Was the decision not to intervene in Indo-China a military one, solely?

A No, it wasn't. The military situation was but one part of the picture. The decisions that finally were made were based on a number of considerations—political and psychological considerations perhaps even more than military. It was an international situation of great importance and rather far-reaching effects.

Q Was our over-all decision the right one?

A Yes, I feel that it was. United action was one of the essentials of our policy. We could not get the key Allies to go along with us in united action, and it was essential that we not go it alone. This was one of the reasons for the decision.

Q To use this as a guinea-pig illustration: Newspapers reported that intervention in Indo-China was opposed by one of the Joint Chiefs, presumably on the military ground that he didn't have adequate forces. Does that illustrate a decision which is made on the basis of inability and unpreparedness for a given situation?

A Well, the Joint Chiefs of Staff would not want to say publicly what they recommended, and they shouldn't, as a matter of fact. Their advice is rendered in the proper forums. It goes to the Secretary of Defense, the National Security Council, the President, and sometimes the Congress seeks their opinions on various defense matters. And if there are deficiencies to be overcome, they would be taken into consideration.

Q Hasn't a service Chief an obligation when he sits as a member of the Joint Chiefs to look at the over-all picture, too?

A Speaking of our general *modus operandi,* and not of any particular historical incident, each member of the Joint Chiefs of Staff does have an obligation to look at the over-all picture. However, a service Chief has a special knowledge of his own service—its capabilities and its limitations. Moreover, he has special and very proper concern for that service. But on matters of joint concern, each member of the Joint Chiefs does try to rise above the particular views of his respective service—and usually does—in order to provide the Secretary of Defense with advice based on the broadest conception of national interest.

Q But you say you give military advice only—

A Yes.

Q Similarly, the President might get advice from the Treasury?

A Certainly. Economic considerations have a place in many national policy matters, and the Treasury has an interest in such considerations.

HOW ADVICE IS GIVEN—

Q Admiral, do your suggestions come up in such simple form—intervene or don't intervene, black or white—or is it more that you give the President possible courses of action, and the advantages and disadvantages of each?

A That is hard to say and is greatly dependent upon the problem at hand. We study broad objectives as well as courses of action to attain them. Our advice is rendered in a form tailored to fit the problem.

Q Do you set up four or five different courses of action and discuss each one?

A Studies of any magnitude are thoroughly covered by the Joint Staff in collaboration with the staffs from the services

(Continued on next page)

. . . "I see the President regularly once a week"

before they come to the Chiefs. The Chiefs themselves are in contact with their own staffs on the more important subjects. Thus the Chiefs have a pretty good idea of a problem before it reaches them in its near-final form. In any given situation, the advantages and disadvantages of several possible courses of action probably would have been studied pro and con.

Q Admiral, exactly what is the principal function of the Joint Chiefs of Staff as set forth in the law?

A Their principal function, I would say, is their role as military advisers to the Secretary of Defense, the National Security Council and the President.

–Harris & Ewing

WITH THE PRESIDENT: "Our policy is to build balanced Allied strength"

Q Does that mean that you have direct access to the President at any time, or do you go through the Secretary of Defense?

A I see the President regularly once a week, and, of course, I can see him any other time it is really necessary, day or night—

Q Without going through the Secretary of Defense?

A When necessary. I might say that when I have occasion to call on the President it is usually with regard to something which has been considered by the Joint Chiefs of Staff, and which I have discussed with the Secretary of Defense. In any event, if the matter hasn't been discussed beforehand, I would inform the Secretary of Defense at the earliest opportunity.

Q Do other members of the Joint Chiefs of Staff see the President?

A Yes, though perhaps not to the same extent. The other Chiefs can see the President on their service problems when it is necessary.

Q And was it the same way under the preceding setup?

A I'm sure it was.

Q Is it your responsibility to keep the President informed on what is happening throughout the world and advise him of dangerous situations? Or is that only one phase of it?

A That is part of it. The President's military liaison officer also helps keep him up to date. He has now, for instance, Colonel Goodpaster, who is his liaison officer with the Department of Defense. Colonel Goodpaster receives various situation reports as a normal thing, and calls the President's attention to the more significant items.

Q Imagine Pearl Harbor as happening over again: Whose responsibility is it to keep the President advised and get his O.K. on any military retaliation?

A In so far as Defense is concerned, primarily the Secretary of Defense. The Secretary of Defense, in turn, would expect me to keep him informed. Perhaps jointly, we would talk to the President about anything serious.

Q Is there a constant "alertness" so that, if you are on a trip somewhere, the system functions in Washington?

A Yes.

Q Does that operate through your office or through the offices of the three Chiefs?

A When I am away, the next senior Chief takes over my duties. I discuss the schedule of my trips with the other Chiefs and make arrangements to insure that there's always continuity. In addition to his staff, the Chief who is acting Chairman in my absence has available the services of my staff, which is a small one. Also, the Joint Staff and the Director of the Joint Staff continue to function under the Joint Chiefs of Staff and to support the acting Chairman as they do me.

Q Most people visualize a situation in which the Soviets, or any potential enemy, would act instantly. We've wondered what precautions have been taken to be sure key officials can be contacted in an emergency—

A In my own case, I stay very close to telephones. When I go away, I make clear-cut arrangements so that I can be reached quickly, even if I'm out of town.

Q And, presumably if something happened to you, the next senior Chief is immediately alerted by one of your own officers?

A Yes.

Q So there is a system of continuity?

A Yes, and, to make it function, we have duty officers in the Pentagon on an around-the-clock basis. I think it's a pretty good system. People live in widely separated places and have to rely on telephones. I consider that, in this particular job, I have to keep myself available.

Q Does the system get tested from time to time?

A Oh, yes.

Q Isn't it true that most situations develop ahead of a critical point, so that you know of a crisis a good deal beforehand?

A That's right. It is hard to believe we wouldn't have some indication of increasing tensions before a crisis became imminent.

Q Are the Joint Chiefs able to get decisions when they need them?

A Yes. Just as in most businesses, there is in Government adequate provision for decision at the top.

(Continued on page 50)

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. . . Is warfare close to push-button era yet? "No"

Q You've made a lot of trips to our overseas commands since you've been Chairman, haven't you?

A I've made several.

Q Is it part of your function to go out and inspect the world situation?

A As often as I can. It's pretty hard to get away from Washington, but the more I can travel, the better background I can bring to bear on our defense problems.

Q You and Secretary of State Dulles are in the same boat, aren't you—you have traveling jobs and you have home-office jobs to do?

A That's right. Of course all the Chiefs of Staff travel as much, or more than I do. We have interests and responsibilities all over the world. If I can take two long trips a year, I'm doing pretty well.

Q Then you report back to the Secretary of Defense, the President and the Joint Chiefs?

A Yes—informally.

COMMANDS IN PACIFIC—

Q Do we have unified, harmonious command setups overseas? Take the Far East, for example: Do we have one supreme military commander there, or is each service commander responsible only to his own service?

A We have unified or joint commands in every important strategic area overseas into which U. S. forces have been deployed. In the Pacific, we have three. One is under General Hull with headquarters in Tokyo and primary responsibility for Japan, Korea and the Ryukyus. Another is under Admiral Stump, who as the Commander in Chief of the Pacific covers the rest of the Far East to the south of Okinawa. A third is under Air Force Lieutenant General Atkinson, and includes the area of Alaska and the Aleutians.

Q Do they have specific area assignments and boundary lines?

A Actually, they don't have operational-area delineations until it is necessary to make them. Instead, they have forces and missions. They do have area delineations for certain specified functions, like shipping control, reconnaissance, search and rescue, and things like that. Right now, we have everything taken care of, I think, and the arrangements work very well.

Q But the individual services do work through a single, unified commander?

A Yes. Each is a joint command with a joint staff.

Q Well, then, who issues directives, let's say, to Admiral Stump? The Chief of Naval Operations or the Joint Chiefs?

A It depends. The normal channel of responsibility and authority to a unified commander is from the President to the Secretary of Defence, to the civilian secretary of a military department designated to act as executive agent for that unified command. For strategic direction and operational control of forces, the military chief of the designated military department is often authorized by the Secretary of Defense to act for that department in executive-agent capacity. The military chief is always, however, acting in the name and by the direction of the Secretary of Defense, who in turn, receives his advice from the Joint Chiefs of Staff.

Q How are we getting along militarily with Canada?

A Just fine. Being alert to the common threat, both nations are working side by side to develop the most effective co-ordinated air defenses possible. Our task is made easier because, basically, we are old traditional friends.

Q What is the role of the JCS on making the budget?

A We don't have a direct part in making the budget. We recommend force structures on which the military budget is based—that is, ground divisions, warships and air wings. When these force levels are approved by the Secretary of Defense and the President, then the Army, Navy and Air Force budgets reflecting these forces are drawn together into a Defense Department budget.

Q Are the decisions made outside the Joint Chiefs on just what force levels will be accepted and money allotted?

A The final decisions are in the hands of the President of the United States and the Congress.

Q Are you fully in accord with the defense program this Administration recently submitted to the Congress?

A Yes, wholeheartedly so.

Q Do the Joint Chiefs keep pretty close to the research and development side? Do you know how soon we're going to get new gadgets, things of that sort?

A Each service Chief is close to the developments in his field through his own research organization and assistants. He is also quite close to any developments in the other services that are of interest to him. As for me, I keep in touch with each of the Chiefs, and then I am also in close contact with the Assistant Secretary of Defense for Research and Development, Mr. Quarles.

Q Do you think we're close to the "Buck Rogers" or push-button era yet?

A No.

Q Do you think we are still going to be dependent on the three services—air, ground and sea—in the immediate future?

A Yes.

GAIN FROM ATOMIC POWER—

Q How soon will we have to take into account atomic power which will give submarines an entirely different potentiality?

A We've been taking that into account for several years. Atomic-powered submarines are here.

Q Do the Russians have an atomic-powered sub?

A I don't know. We can assume that they're going to get one as soon as they can.

Q Will there be atomic power for other vessels soon?

A I think so. There is, of course, the matter of research before you go into an actual power-plant development. As far as ship propulsion is concerned, the atomic-powered submarine represents probably the greatest advance since the *Clermont*. It will have an impact on all types of ships.

Q Would you comment on the relations between the Air Force and the Navy and the Army now, as compared to a few years back? Has evolution developed a better understanding of each other's problems?

A Yes, it has. Time always has an impact on anything like that. Every year that goes by, relationships improve as a result of our working together. We are beginning to feel the results of joint duty in unified commands and in the joint colleges, which have students from all services. The first classes are now flag officers and general officers who have good personal friends in the other services. It's a situation that comes about through evolution. The situation is improving all the time.

Q So, in that respect, we've made progress since unification began?

A Great progress.

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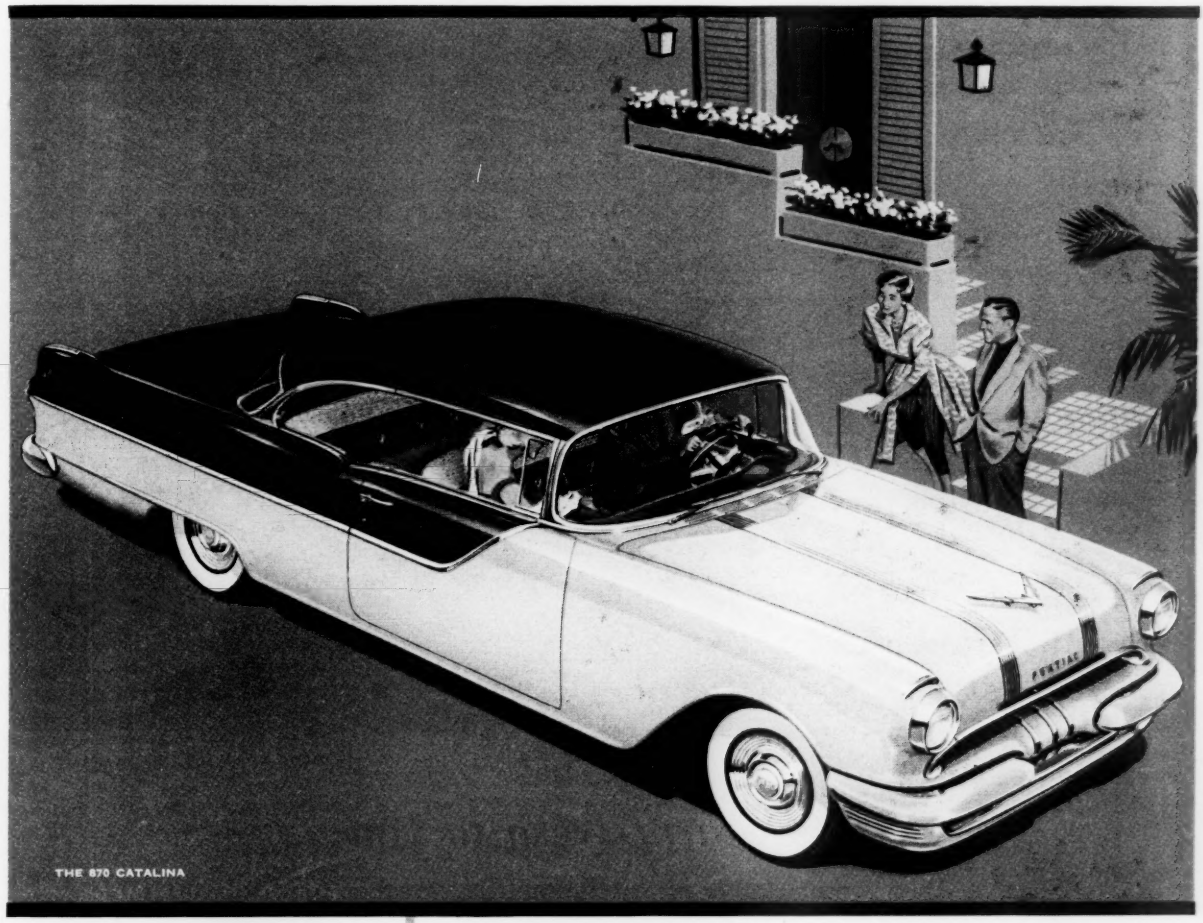

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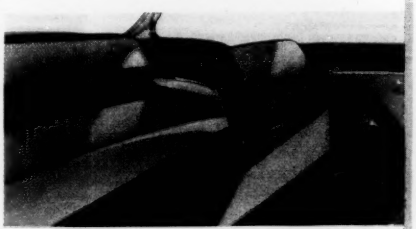

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LEADING TROUBLEMAKER FOR U.S.

India's Menon Makes a Business of Undercutting America

Nehru's man is at it again—doing everything he can to make enemies for Americans.

V. K. Krishna Menon, India's acid-tongued diplomat, tells anyone who will listen that: (1) U. S. is wrong in Formosa; (2) U. S. is wrong in Indo-China; (3) U. S. is wrong in Europe. He also says: (1) Red China is right; (2) Moscow is right; (3) Communist ideas are generally right. He contends he isn't a Communist, but he follows the party line.

And Krishna Menon is making progress. He may be India's next Foreign Minister, with power to put anti-American diplomats in key spots all over the free world.

Reported from
NEW DELHI and WASHINGTON

An Indian man of mystery—V. K. Krishna Menon—is making considerable headway these days in his self-appointed job of messing things up for the United States.

Krishna Menon is a relative newcomer to world politics. But he has a knack of showing up wherever important decisions are being made and proceeding to turn as many people as he can against Americans.

Within the space of a few months, American diplomats have found this man in London trying to undermine British support of the U. S. on the Formosa issue; in Latin America trying to slip a wedge between the U. S. and its friends there; in Geneva, where he took an uninvited part in the Indo-China truce conference that gave Communists another important slice of Asia.

Between junkets, he makes flying visits to New Delhi to report to India's Prime Minister Jawaharlal Nehru, over whom he wields much influence.

Wherever he goes, at home and abroad, Mr. Menon makes it his business to find fault with America—and he does not mind at all giving Communist diplomats a helping hand.

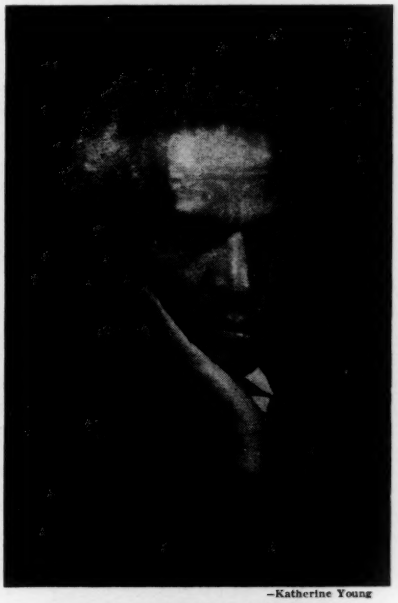
He serves Mr. Nehru as India's chief delegate to the United Nations, and as the Prime Minister's personal ambassador to the world at large. That role gives him a big say in shaping India's supposedly "neutral" policy—often in favor of Communist nations.

Now Mr. Menon is being talked about as the next Foreign Minister of India, a post that would give him an even bigger voice in that important Asian country.

Hard-working Socialist. Mr. Menon is known as a lifelong, ardent Socialist. But he denies that he is a Communist. His friends explain that he once made a career of agitating against British "imperialism"—and that he now sees the U. S. filling the role of an "imperialist" threat to Asia and world peace. That is the way the Communists talk, too, but Mr. Menon does not seem to mind.

He never stops arguing that Formosa, which the U. S. is pledged by treaty to defend, belongs to Communist China. He works hard to get the Peiping regime admitted to the U. N. in place of Chiang Kai-shek's Nationalist Government.

Asian countries friendly to the U. S. —Thailand and others—are described by Krishna Menon as being under the thumb of "reactionaries" or subservient to American pressure. He denounces as "imperialist aggression" the Southeast Asia Defense Treaty against Communism, a treaty which India did not sign.



—Katherine Young

V. K. KRISHNA MENON
. . . like an uninvited guest

Russian diplomats often find him a useful ally in their propaganda blasts against the United States. He echoes Soviet attacks on American nuclear tests in the Pacific. He opposes Western Germany's rearmament on the side of the West. Recently, when Moscow radio proposed "all-German" unity talks to forestall German rearmament, Mr. Menon put forward the same idea in the United Nations.

Krishna Menon seldom finds occasion to criticize the Communists—though his Prime Minister, at home, fights the Communist Party bitterly and has jailed thousands of Red agitators.

Despite the Chinese Communist invasion of Korea in 1950, and Red China's current threats to wage war, Mr. Menon says that the Peiping Government shows no aggressive intentions in Asia. When mention is made of forced labor behind the Iron Curtain, he dismisses it with a shrug as being unimportant.

Close to Communist line. A study of Mr. Menon's strange career shows that he has seldom strayed from the Communist viewpoint.

As a student at the London School of Economics, in the 1920s, he hobnobbed with Reds and took their side in arguments. Fellow students say they assumed that he belonged to the Communist Party.

As head of the India League, an organization in London that agitated for India's independence from Britain, Krishna Menon worked closely with top Reds for many years.

At that time, too, he belonged to Britain's Labor Party. He made valuable

–United Press

WITH A. A. SOBOLEV, of the Soviet Union U. N. delegation

friends among Labor leaders. He was elected to a London municipal post and was even mentioned as a Labor candidate for Parliament.

Yet, even British Socialists asked questions about Mr. Menon's pro-Communist sympathies. In 1939, he took the Communist line that the war with Germany was just another "imperialist conflict." During this period Stalin and Hitler were allies. In 1941, along with the Communists, he attacked the "Hitlerite menace" as soon as Hitler started to fight Russia. Result was that Mr. Menon dropped out of the Labor Party for a few years.

Mr. Menon's explanation in those years was that he accepted the support of anyone, including Communists, in his agitation against British "imperialist" rule of India.

Close Labor Party ties. Today, Krishna Menon is said to like Englishmen even more than he does Indians. He spends little of his time in India. He seeks out British diplomats, and dresses elegantly in British clothes. His friendships in the British Labor Party are stronger than ever. Left-wing Socialists listen eagerly to his attacks on the U. S., and echo his arguments in favor of Communist China.

Instead of British "imperialism," it is the U. S. that is under constant attack from Krishna Menon. Many instances are cited of his dislike for Americans.

In the United Nations, during a debate on Korean truce proposals, he stated that "it is not for me to deny" Red propaganda charges that American troops were torturing Communist prisoners.

He is quoted by friends as saying that Americans are immature, morally and intellectually, likely to plunge the world into war. At private parties, he has been known to ridicule U. S. diplomats with burlesque imitations of their mannerisms.

Americans find it hard to please Mr. Menon. The United States accepted, and Red China turned down, his proposal for a Korean truce. Yet he blamed the U. S., saying that American bombings of Communist installations in North Korea, along the Yalu River, were responsible for "sabotaging" peace.

Behind these views is Krishna Menon's conviction that he can solve the world's diplomatic problems.

India was not invited to the Indo-China truce conference in Switzerland, but he wangled an official assignment

–United Press

WITH HENRY CABOT LODGE, U. S. delegate to the United Nations

from his Government to visit Red Cross headquarters in Geneva. Once there, he plunged into negotiations immediately—without invitation—as go-between for Communist and Western negotiators.

Aid favored Reds. He contends that he played the major role in producing an agreement at that conference. But American diplomats say bitterly that Mr. Menon saved the day for Communist diplomats, time after time, by getting more concessions from the French to meet Communist demands. In the end, Communists won a major victory that opens the way to further conquest in Southeast Asia.

(Continued on page 56)

–United Press Photos

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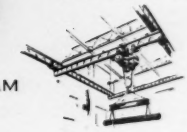


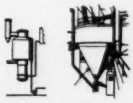
HOISTS

TRACKMOBILES

ELECTRIC FURNACES

TRAIN WASHERS

EVAPORATORS AND SPRAY DRYERS



. . . AND MANY OTHER PRODUCTS FOR SCORES OF INDUSTRIES!

Krishna Menon has a reputation as a man with a disagreeable personality—and this, American diplomats say, often defeats projects where he is stirring up trouble for the United States.

He is seen to fly into violent rages against his staff and other diplomats. Even a trusted colleague admits that Mr. Menon cultivates the friendship of only a few diplomats—mostly British—and dislikes "almost everybody."

Mr. Menon's dour appearance is often described as that of a sinister agitator rather than diplomat. His sharp tongue gets him into trouble. Only recently he was almost forced to call off his junket to Latin America because of hostility created by a remark he made about the frequency of revolutions in that area.

He has been known to quarrel even with Soviet diplomats. Once the late Andrei Vishinsky publicly berated Mr. Menon for useless meddling in world problems. Diplomats say he is not to be trusted—that remarks made to him in confidence are carried immediately to other diplomats.

A U. S. official who has had many dealings with him says this:

"On any big problem that comes up, he is just like a mosquito that gets in everybody's way when they are trying to repair an automobile. He can't do anything to help—but he can do plenty to get everybody annoyed."

American diplomats, however, do not underrate his ability to make trouble for the United States.

Mr. Menon, they find, has much influence in Britain. As the top diplomat from one of the most important nations in the Commonwealth, he can put strong pressure on the British Government to weaken its support of American policies. As a former member of the Labor Party, he can stir up political opposition to the Churchill Government he deals with diplomatically.

Prestige in India. What worries American officials most, however, is evidence that his standing in India itself increases.

Krishna Menon describes himself as merely the "mouthpiece" of India's Prime Minister. All he does, he says, is to convey Mr. Nehru's own views on world problems.

Many Indians take a different view of his influence. They complain that Mr. Menon wields strong power because of his friendship with the Prime Minister that goes back more than 20 years, to the time when the two men were revolutionary agitators—one in London, the other in India.

On his visits to New Delhi, Mr. Menon usually stays with the Prime Minister. Informed Indians say that Mr. Nehru pays far more attention to the opinions of his personal diplomat than he does to the views of career diplomats who are friendlier to the U. S. and more opposed to Communism.

Feeling grows that Krishna Menon is a real power in Indian diplomacy. He loses no chance to reinforce Mr. Nehru's own deep-seated suspicions of Western "imperialism" and sets the aggressive line that many other Indian diplomats follow—in the Middle East, for example, where Indians are trying to keep Arab countries out of a military pact with the West.

Some Indian career diplomats are quoted as saying privately that they risk Mr. Nehru's displeasure if they disagree too strongly with his personal ambassador.

In New York, for instance, Mr. Menon was in frequent disagreement with the Indian consul general who served as his "stand in" at the United Nations when the chief delegate was away on one of his frequent trips. The consul general was transferred, and his successor, Arthur Lall, is known as "one of Krishna's men"—a diplomat who repeats Mr. Menon's arguments in favor of Communist China and against the United States.

Nehru's sister vs. Menon. In India, it is open knowledge that Mr. Nehru has overruled his sister, Madame Vijaya Lakshmi Pandit—an influential politician and diplomat in her own right—in her arguments with Krishna Menon, whom she is known to dislike.

Published reports in India say that three of Mr. Nehru's Cabinet ministers threatened to resign a year ago when he first wanted to name Krishna Menon as Foreign Minister—a post which the Prime Minister now holds himself.

That trouble is said to have been ironed out by Mr. Nehru, with the result that Krishna Menon is likely to enter the Cabinet soon. Meantime, he has been given a seat in the upper house of India's Parliament, though he has trouble in speaking any Indian language. And businessmen once hostile to Mr. Menon are eager to give lavish dinners at home and abroad for a man so well-entrenched politically.

Some Indian critics say that Mr. Menon may not do so well as Foreign Minister—that the Prime Minister may cool off on his top diplomat after getting a dose of him at close quarters day after day.

American officials, however, are concerned that Mr. Menon in a higher job will have even more chance to give India's support to Communist nations on world problems. And they expect that Mr. Menon will continue to play his role in world diplomacy—that of the uninvited guest, dedicated to making trouble for the United States and helping the Communist diplomats.

—Wide World

MR. MENON, WITH MADAME PANDIT AND MR. NEHRU
Is the diplomat more influential than the sister?

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In Khrushchev's Own Words—

WHY RUSSIA IS IN TROUBLE

Here is a confession of Communist failure. And it comes straight from the top man in the new Soviet regime, Nikita S. Khrushchev.

What Khrushchev confesses shows why there is trouble behind the Iron Curtain: More than half the Soviet people live on farms. Yet the Soviet Union is short of food, and a desperate drive to increase farm production has failed. It produced more pigs, but less pork—more cows, but less milk. Collectivized farmers, it turned out, weren't bothering to feed the livestock that they could not own.

The following official report reveals a basic weakness in the Communist system.

by Nikita S. Khrushchev

One of the reasons for the lag in the production of animal-husbandry produce is to be found in the existence of grave shortcomings in the planning of livestock numbers. Heads of the Ministries of Agriculture and State Farms based themselves, in their practical work on planning, on the erroneous premise that the problem of animal husbandry can be solved only through an increased quantity of livestock.

This could not fail to lead, and, indeed, has led, to a situation in which some rayons [small units of Government, similar to counties], while fulfilling their target with regard to an increase in the number of livestock, decreased from one year to another the production of animal-husbandry produce. In Kemerovo Oblast [an oblast is a regional unit of government] the number of pigs increased between 1940 and 1953 from 68,000 to 129,000, or nearly double. The output of pork, however, declined from 1,900 tons in 1940 to 1,500 tons in 1953.

In Kostroma Oblast the number of cows increased by 20 per cent in comparison with 1949 and the production of milk decreased by 10 per cent. I could quote many similar examples. The poet Mayakovsky, as is well known, was not particularly interested in the problems of agriculture—but even he understood that a cow has to produce milk. Mayakovsky wrote: "If your name is cow you must have milk and udder. If you have neither milk nor udder, to devil with your name." It appears that things which were clear to Mayakovsky are not quite clear to many agriculturists.

Animal husbandry is not a zoo where a good director collects all types of animals. Various types of animals are kept, not with the idea of keeping them, but in order to receive livestock produce. . . .

Pigs: The Peasant's Cashbox

It is not possible to further reconcile serious shortcomings in pig breeding on collective and state farms. Up to now sows have been bred very badly. On many collective farms sows produce only one litter, and for half a year the farms do not receive any production from them despite the fact that the keeping of sows wastes much fodder and labor.

If we could have in the country as a whole two litters from each sow, this would give us an additional 16 to 20 million piglets and not less than 1.5 to 2 million tons of live pork. Pig breeding can and must be a highly productive branch of agriculture. A national proverb says, not without meaning, "Pigs are the peasant's cashbox." Every collective farm can have this cashbox and can increase collective-farm riches. . . .

Intolerable Mismanagement

We are faced with the necessity of increasing the production of beef in 1960, compared with 1954, 1.7 times. How can we insure this growth? An important factor in increasing the production of beef is the fattening of cattle.

Intolerable mismanagement exists in this matter. Last year a great number of undernourished cattle were delivered to the state. If these cattle were of normal size, we would have received additional hundreds of centners [a centner equals 220.46 pounds] of meat. . . .

Great losses are being allowed in the farms of the Ministry as a result of this mismanagement and incorrect tending of cattle. Thus, from Oct. 1, 1953, till Oct. 1, 1954, the losses of cattle in live weight amounted to 42,000 tons. This is due to the fact that cattle delivered to many procurement bases do not receive either food or water for a prolonged period. The leaders of this Ministry not only do not adopt measures for organizing the fattening of cattle, but even contemplate evading the necessity of feeding cattle to be delivered to procurement bases.

At the same time, they attempt to justify themselves with the peculiar theory that cattle can live without food for a prolonged period, and, having water, do not lose weight. They began tests in order to justify their practice of keeping cattle hungry. . . .

It can be said to the workers of the Ministry that this theory is not new, and is an obvious plagiarism. The proverbial gypsy once attempted to teach his horse to live without food. He did not feed it for eight days, and his experience would have been successful had the horse not died on the ninth day. . . .

Needed: A Russian Corn Belt

It is known that the United States has achieved an increase in the total harvest yield mainly by extending areas sown in corn. In the United States this crop gives the highest harvest yield. In 1953, 35 per cent of the whole area sown under crops was used for corn, almost 75 million acres or the same area as under wheat, while 162 billion pounds of corn,

or 65 per cent of the total harvest of grain, was harvested.... It was on the basis of corn that the Americans succeeded in achieving a high level of stockbreeding.

In the last 10 to 15 years the United States has considerably increased the sowing of hybrid corn seed, as a result of which the harvest yield increased sharply. . . .

In the Soviet Union only 8.75 million acres were sown under corn in 1953, producing altogether 8,280,000,000 pounds [about 16 bushels per acre]. . . . If by 1960 we increase the areas sown under corn from the 8.75 million acres of 1953 to not less than 70 million acres, this will enable us to make use of the advantages to be obtained from increasing this crop. . . .

Not Enough Meat and Milk

Last year state farms failed to fulfill their plan for an increase in the number of cattle and sheep. The number of cows is increasing slowly. In the total number of cattle, the proportion of cows bearing calves amounts to only 34 per cent. . . .

Milk yields per cow have increased per year by only 27 pounds, instead of the 485 pounds envisioned in the plan. The increase in weight of fattened pigs and wool clippings per sheep has even decreased in collective farms in many oblasts as compared with 1953. The production of livestock products per 250 acres of land continues to remain low on many state farms. . . .

Too Many Speeches

The question of a fodder [coarse feed, such as hay and silage] base for livestock is not being raised for the first time. Why is it then that we are not getting the required results? It is because we have not yet reached the turning point in the minds of many local leaders, who mistakenly believe that it is possible to increase the output of livestock produce without abundant, varied and high-quality fodder.

The trouble is that many leaders confine themselves to making speeches and drawing up resolutions on fodder without organizing, in collective and state farms, a resolute struggle to increase the production of fodder. . . .

I want to say a few words about the incorrect practice of utilizing natural hay fields as a result of which, year after year, hay remains unharvested over large areas. Why does this happen?

When haymaking time arrives, collective farms frequently lack manpower, especially where manual harvesting is to be done. This problem must be considered. On fields which cannot be harvested by mechanical means, and especially where labor is short, we must apparently resort to communal cattle grazing while supplementing the lack of hay by other grasses, such as vetch-oats mixtures, clover, and others.

A clearly unfortunate situation has arisen with regard to grass seeds, seeds of root crops, and some other fodder seeds. Let us take vetch as an example—this most valuable crop for the black-soil lands and many wooded steppe areas. In the last few years, production of vetch seed was neglected to such an extent that many collective farms have no vetch seed, and so used oats and even millet for green fodder and hay.

More Barns and Silos

The development of highly productive communal animal husbandry urgently demands a considerable improvement in the maintenance of stock. For this purpose it is paramount to put into good order existing livestock collective buildings, and construct new ones, taking into account the increase in the number of heads of cattle in the coming years. The construction of silage towers [silos] and trenches at present is in a very bad state. It suffices to say that in the last six years silo buildings with a total volume of only 10 million tons were built.

In many oblasts and rayons, no silo buildings are being erected at all. Such a situation is quite intolerable. In the next six years, it will be necessary to erect in the collective farms silo buildings holding no less than 45 million tons. . . .

Great shortcomings are also found in the construction of livestock premises. Only a small part of the stock in collective farms is provided with well-built and well-equipped buildings. In conformity with the planned increase in the numbers of stock, a large amount of work to prepare premises for stock will have to be carried out. The construction of stockbreeding premises and other collective-farm buildings is of great importance.

Capital investments in collective farms must be primarily directed toward raising collective-farm husbandry and making it highly profitable. But, where funds are available, clubs and dwelling houses, too, must be built. Some people think

—Sovfoto

NIKITA S. KHRUSHCHEV
". . . serious shortcomings . . . losses . . . delays"

that the building of clubs is a waste. Without work among the masses, however, no Soviet collective farm is thinkable. Now that the collective farms have been enlarged through amalgamation, they need more clubs.

Children's nurseries, crèches, and maternity homes must also be built. Collective farmers must also be helped to build their own houses. These ripe questions of rural building must be solved. When the question of building for production purposes in collective farms is discussed, many comrades ask whether it is possible to have these premises built by the state, that is, that the state provide the building material, machinery and labor and the collective farm pay for it with a certain amount of money. No, this cannot be done. The state cannot at present take upon itself the commitment of building livestock premises or any other premises in collective farms. This work must be done by the collective farmers themselves. . . .

Tractors Are Obsolete

At many enterprises of the Ministry of Automobile, Tractor, and Agricultural Machine Building the design work has been neglected. The designing of machines lasts for several years and the testing of new machinery is being conducted with intolerable delays.

The tractor works in Vladimir, for instance, is producing tractors of the universal type, which is based on an obsolete

model. This tractor has a low efficiency with an engine of 22 horsepower capacity. It uses an expensive fuel—kerosene.

For six years, work has been in progress on the designing of a tractor with a diesel engine. About 3.5 million rubles [$875,000] were spent for this purpose and the tractor has not yet been designed. . . .

These facts testify that the executive officials of the Ministry of Automobile, Tractor and Agricultural Machine Building have resigned themselves to routine work and lagging. They have lost the feeling of responsibility for the tasks which have been entrusted to them. The Minister, Comrade Akapov, lulled by his own speeches about the successes of agricultural-machine building, has lost touch with reality and does not notice, or does not want to notice, the lagging incurred through the fault of his Ministry.

Too Much Red Tape

The leaders of the U. S. S. R. Ministry of State Farms, and, primarily, the Minister, Comrade Kozlov, follow a course which contradicts the directives of the party on the correct use of state farm lands. It is also necessary to say that the Ministry of State Farms has not changed its methods of guidance for state farms. It should employ live organizational work instead of conference and complicated office-desk correspondence. Last year 108 conferences of the collegium of the Ministry took place.

In September, during the climax of harvesting in the east, the collegium conferred 19 times, in November 20 times, and in December 17 times. . . .

It is obvious that such an indulgence in meetings does not allow time for leading workers of the Ministry to engage in concrete business, to speak to managers, specialists, or workers of state farms, or to acquaint themselves in detail with local situations and to examine the reasons for the lag of several of the most important branches of state-farm production, such as, for example, stockbreeding.

Better Machines Needed

Our industry produces 34 types of machines for the mechanized preparation of fodder. However, each is intended to perform only one operation. The machines have no conveyance devices and, as a result, it is necessary to transfer manually fodder from one machine to another. Therefore, it is necessary to create a set of equipment in which all machines will be mutually interconnected. It should include fodder boilers for steaming potatoes, and so forth.

At present 21,000 collective farms are using electricity for production purposes. Only one quarter of them use electricity for the mechanization of production processes on livestock farms. It is necessary to use electricity widely for the mechanization of the milking of cows, shearing of sheep and fodder preparation. . . .

Machinery supplied for the mechanization of livestock feeding and watering is not being used on many state farms and stands idle in stores or in the open. . . . Suspension lines for the transportation of fodder and manure, milking machines, hatchery equipment are not being installed or used.

It is time to put an end to such an attitude of negligence toward the introduction of machinery and to insure in reality a considerable increase of the mechanization and stockbreeding level on state farms. . . .

An Unhappy Comrade

Communist development in our country supplies ample evidence of the wisdom of Lenin's directive. One of the striking examples of the high activity of the masses is the mighty, popular movement for the reclamation of virgin and waste land. Struggling for the further upsurge of agriculture, party organizations have somewhat improved their work among the masses. However, there still exist great shortcomings in the organization content and form of the party political work. . . .

In this connection, a letter to the Central Committee of the CPSU [Communist Party of the Soviet Union] from Komsomol member Mikhail Potavchuk, who works on the Dokuchayev state grain farm, Oktyabrsky Rayon, North Kazakhstan Oblast, is characteristic. This comrade, who arrived at a new state farm from Stanislav Oblast in the Ukraine, writes as follows:

"There is considerable disorder in our state farm. During the period of its existence our state farm has had two Komsomol meetings. Mass political and moral-educational work has not been conducted. Altogether, only three lectures were delivered. Talks were completely missing.

"This has borne its fruit. There are cases of damage to trucks and tractors, of absenteeism.

"There have been so few production meetings that one may say none had taken place. There is neither time nor place to share one's production experiences or opinions, to check on the fulfillment of pledges in Socialist competitions, or even to air one's grievances.

"Not once during the state farm's existence have any expressions of gratitude been written up on the order board, although a new state grain farm is arising in the middle of a vast steppe. There is much for which people deserve gratitude, and this is essential, for it is a truth that man's labor deserves attention.

"The board is filled only with orders: 'Remove from work,' 'Reprimand,' 'Reprimand severely,' and so on. Whatever you say, all this greatly depresses people, both morally and spiritually.

"I earnestly beg of you to draw attention not to this personal letter, but to the essence of the matter for we are Komsomols and our duty is to educate ourselves. We demand a Communist upbringing and, for the present, despite difficulties, want to work in such a way as to be able to remember our youth with pride!

"With Komsomol greetings, Potavchuk, Mikhail Dmitrievich."

The facts reported by Comrade Potavchuk give rise to a feeling of indignation. Is such a heartless attitude toward people tolerable? If meetings are not organized among workers of this state farm, if no one has talks with them, one can just imagine how low the level of party political work must be here, what sort of leadership there must be in the party's local committee.

"Mighty Rise in Agriculture"

Our successes are considerable, but we cannot rest on our achievements. Conceit does not become us. Supported by our achievements, further developing heavy industry, we must insistently attain on this foundation the extension of the manufacture of consumer goods and a mighty rise in agriculture so as to insure the consistent rise of the Soviet people's well-being. . . .

Permit me, comrades, to express the firm conviction that, under the leadership of the Communist Party and its Central Committee, the working class, collective-farm peasantry, and our intelligentsia—all Soviet people—will solve the tasks facing our country in the sphere of the further development of agriculture with the same success which crowned the solution of other majestic tasks of Communist building.

The foregoing are excerpts from a report by Khrushchev to the Central Committee of the Communist Party on January 25, 1955.

Ed Sullivan, M.C. of Toast of the Town, and Julia Meade introduce New Lincoln. Monitor sets show new rear deck, new longer body, new front assembly.

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Every day manufacturers are finding that aluminum's *versatility* provides the answer to better products, both new and old.

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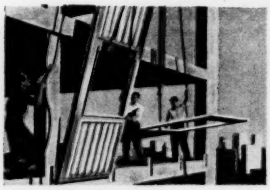
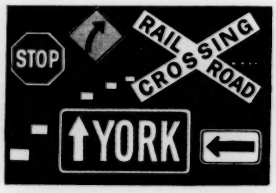


New! Exterior building panels of lightweight aluminum are hung from the inside, like curtains. Eliminates scaffolding, requires less steel framing, speeds construction.

New! Aluminum containers make possible pre-cooked, quick-frozen dinners ready to heat and serve. Aluminum packaging seals in flavor, keeps out moisture.

New! Disposable aluminum broiling tray, called "Broil-A-Foil," eliminates messy cleaning of pan and oven. Aluminum spreads heat evenly, speeds cooking.



New! Road signs team "Scotchlite" brand Reflective Sheeting with aluminum. Sign face gives brilliant nighttime visibility. Aluminum backing assures durability.

UNIONS LOOK TO '56

Merger Can Mean Tougher Fight for Republicans

From now on you will be hearing more about politicians the top labor leaders want in office.

Merger of AFL-CIO signals a concerted drive to elect "liberals" who will fight for prolabor laws.

Union bosses need to combat complacency among well-off workers. Who stands to gain most? The Democratic Party.

Union leaders are beginning to get set now for the 1956 elections. The coming merger of CIO and AFL into one big, over-all labor organization is directly related to that fact.

The leaders of organized labor have lost their political dominance of the 1930s. Since the mid-1940s, they have been fighting a holding action, unable to get the changes in the Taft-Hartley labor law that they want. In spite of the present Democratic control of Congress, captured in 1954, the political tone is not as friendly as labor would like. Now it is mobilizing for a big, new political push.

Labor's voice at the White House is heard less often. Even when invited to stag dinners there, labor leaders find themselves vastly outnumbered by businessmen and industrialists. And, in the minds of labor leaders, the Administration of President Eisenhower is "pro-business."

Pooled resources. In the light of this situation, the AFL and CIO, which have been going their separate political ways, duplicating efforts, sometimes squabbling over candidates, now are coming together to try and recapture some of the ground they have lost.

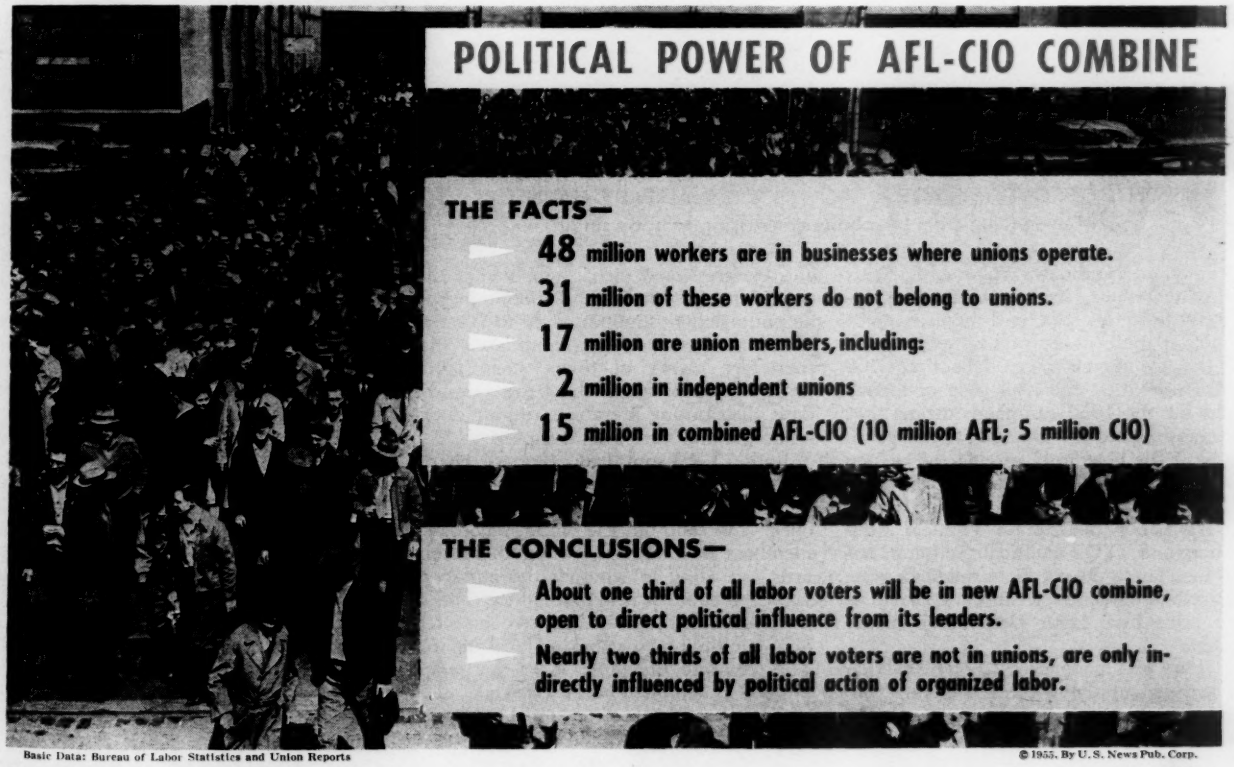
In drawing together, the AFL and CIO are bringing 15 million workers, a third of the nation's nonfarm working force, into one over-all organization. They are pooling the financial resources of these workers into a concerted political drive that is aimed at getting every union member registered to vote.

This means more money, more workers, more active help for the candidates that labor decides to back in campaigns. For these candidates, it means more literature, more radio and television time, help to make a stronger campaign. In marginal districts in industrial areas of the North, one of labor's political experts estimates that it could mean a difference of as many as 15 to 20 more House seats won by labor.

There is no indication that labor intends to set up a party of its own. Both AFL and CIO leaders disavow any such intent. They plan to go on working through the two regular parties, backing candidates in each party who are friendly to the labor point of view.

Labor leaders make no pretense of being able to deliver big blocks of votes to their favored candidates. They point to notable failures to do this in the past. Most labor leaders favored Adlai E. Stevenson in 1952. But Mr. Eisenhower got almost 40 per cent of the vote of union members.

At this time, labor leaders are making


POLITICAL POWER OF AFL-CIO COMBINE
THE FACTS—
48 million workers are in businesses where unions operate.
31 million of these workers do not belong to unions.
17 million are union members, including:
2 million in independent unions
15 million in combined AFL-CIO (10 million AFL; 5 million CIO)
THE CONCLUSIONS—
About one third of all labor voters will be in new AFL-CIO combine, open to direct political influence from its leaders.
Nearly two thirds of all labor voters are not in unions, are only indirectly influenced by political action of organized labor.

Basic Data: Bureau of Labor Statistics and Union Reports

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no preparations to try to take over the Democratic Party, as such. As in the past, they hope to work through the Democratic Party more often than through the Republicans.

Who workers vote for. Public-opinion polls indicate that from 60 to 70 per cent of the union members across the country favor the Democratic Party. This margin is from 8 to 16 percentage points higher than the proportion for unorganized workers. A study by the American Institute of Public Opinion indicates that union members gave 73 per cent of their votes in 1952 to Democratic candidates. Manual workers as a group voted 65 to 35 for Democratic candidates over Republicans.

As between the AFL and the CIO, the latter usually has been more "liberal" and has turned up larger majorities for Democratic candidates. The AFL, with its craft unions, its members more securely fixed in jobs and homes, gives about 10 percentage points fewer votes to the Democrats than does the CIO.

In the North, the reshaping of labor's lines for the 1956 campaign means that in many places the Democrats are going to have the benefit of an efficient agency to get voters registered and to the polls. There is to be a drawing together of AFL's Labor League for Political Education and CIO's Political Action Committee. These do not dictate labor's vote, but they influence it and, on balance, the odds here favor Democratic candidates.

There are many areas in which labor already is supplying the Democrats with a ward and precinct organization that is taking the place of the old-fashioned political machine. In Detroit, where CIO's Automobile Workers are dominant, the PAC headquarters often are more elaborately staffed and its workers do more to get out the vote on Election Day than do the Democratic Party workers.

How McNamara won. Detroit provides an illustration of how AFL and CIO sometimes have worked at cross purposes. In 1954, CIO backed the late Blair Moody for the Democratic nomination for the United States Senate. Patrick McNamara was put into the race by an AFL union. After the death of Mr. Moody, it was with some reluctance that CIO came to the support of Mr. McNamara. But it was a combination of labor votes that sent Mr. McNamara to the Senate for the Democrats.

The political endorsements are given by local labor organizations in the States and congressional districts in which the candidates are running. Sometimes such an endorsement amounts only to a statement in favor of a candidate. But there are plenty of times when labor throws its full weight back of a candidate, distributing literature, ringing doorbells, hauling voters to the polls.

Both LLPE and PAC prepare charts and pamphlets. They help to keep a daily news broadcast on the air. They check and send out the voting records of members of Congress, rating those records according to whether the members voted as labor wished them to vote.

Voter-registration drives are conducted on a continuing basis by the local unions. The ultimate objective is to get every eligible union member registered.

Here is a part of the political strength of labor. Only between 55 and 60 per cent of union members are registered. But this percentage is a little higher than for the rest of the population. Labor in this manner manages to turn up with a larger proportion of voters on Election Day than come from groups that have not been prodded into registering.

Assistance for voters. On Election Day, PAC and LLPE do everything to encourage union members to vote. There are automobiles to haul voters to the polls. Telephone canvassers urge out the laggards. Baby-sitters are provided for mothers. And this work is done on a voluntary basis rather than by paid workers, such as often are used by the regular parties.

The cost of all this work of preparing literature and setting up the organization is borne by a combination of union funds and voluntary contributions from union members. Union funds are used for many activities that come under the heading of "political education." Voluntary contributions pay the rest of the cost.

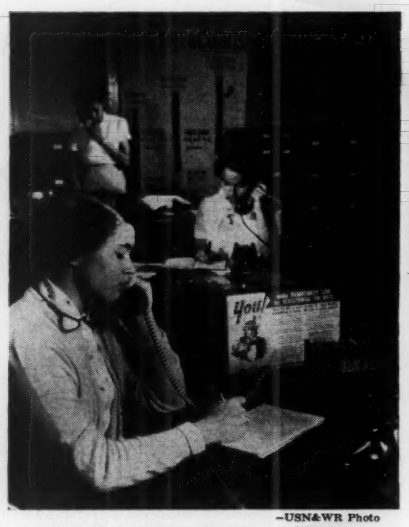
There is no way of knowing how much money the unions and their members throw into a political campaign to elect the kind of officials they want. The best guesses are that they spent upward of 2 million dollars in the 1954 campaign, and more than that in 1952. But half of each dollar collected by CIO stays in the local communities for use there.

In the South, the impact of the united force of AFL and CIO is to be felt more quickly than elsewhere. Elections in this one-party area usually are decided in the Democratic primaries. Already labor strategists are combing over candidate prospects in the hope of finding men who can defeat in 1956 some of the members whom they now list as "conservative." A rising list of new industries in the South helps along this hope.

For the most part, however, the mood of the labor politicians right now is to go along with the tide and fight off any changes in present labor laws. There is a fear that, if the Taft-Hartley Act were opened for amendment, labor might lose more than it would gain. Not until new "liberals" are lodged in Congress does labor care to have this law taken up.

This is one of the reasons that lie at the heart of the new political drive. But the labor leaders are finding that even their own members are fairly well satisfied. They want to keep the homes and automobiles and television sets they have bought rather than risk any drastic change by a shift either to right or left. And this fact is being kept in mind in the political planning for the future.

For views of George Meany, AFL president on the AFL-CIO merger, see page 76.



–USN&WR Photo

UNION GETS OUT THE VOTE

–Dowling in the New York Herald Tribune

"IT'S ALREADY HAUNTED"

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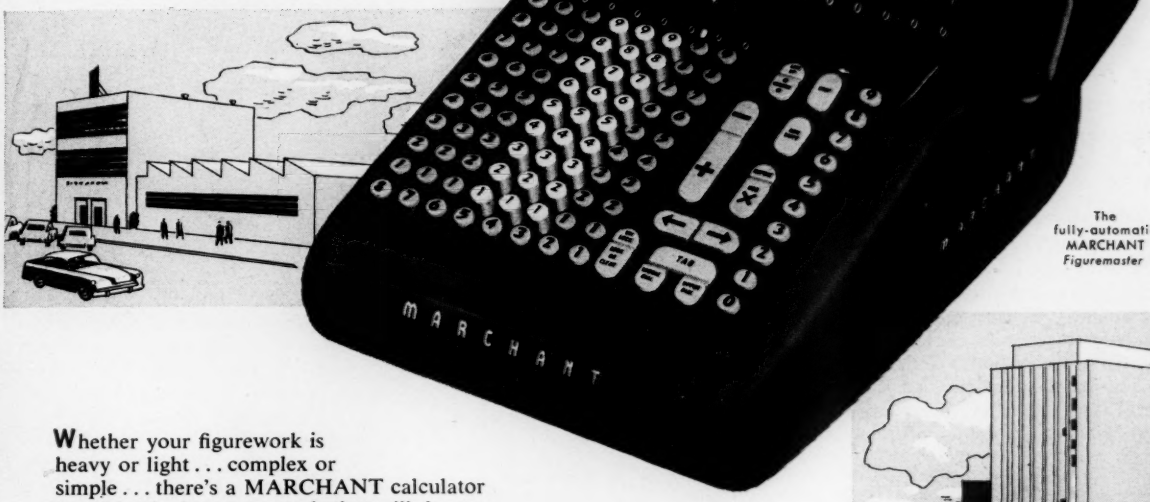

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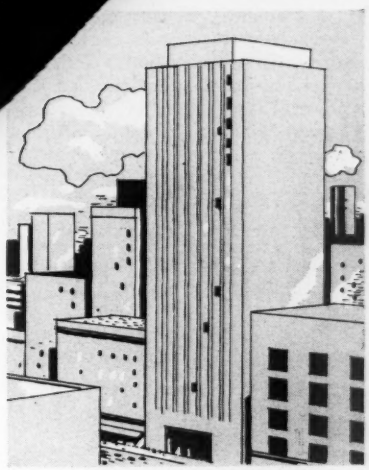

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U-2

TIGHTENING THE COLOR LINE

South Africa Tries More, Not Less, Segregation

Complete separation of Negroes and whites is under way in South Africa. That's the Government's answer to its race problems.

Trend—just the reverse of that in U. S.—is to put Negroes apart in Government-built settlements. They're being moved now. Advance fears of disorder, violence failed to materialize.

The goal: 100 per cent segregation within a few years.

JOHANNESBURG

South Africa, after bitter controversy, is going ahead with more racial segregation—not less—as its solution to conflict between white man and negro.

Nationalist officials are starting to move Negro residents of Johannesburg to a Government-built settlement 12 miles outside the city—the first step in a physical separation of the races that Prime Minister Johannes Strijdom intends to carry out all over South Africa in the next few years.

Only that rigid segregation, Nationalists feel, will check racial conflicts in South Africa, and keep this country's 9 million blacks from engulfing the minority of 3 million white men and their Western culture.

Right now, the "cleanout" of Johannesburg's Negro districts is small in scale. Fewer than 150 families are being removed each week. The Government has not announced its plans beyond the removal of about 60,000 Negroes, only about one fifth of the natives living in this mining and industrial boomtown.

Segregation, however, is being tightened throughout South Africa—at a time when the United States goes in the other direction, toward more racial intermingling in schools, factories and public places.

It has taken the Nationalist Government years to get started on the first removals of Negroes from its slums. Many predicted that the project would cause bloodshed. But those predictions turn out not to be true, so far. Most of the whites are uninterested and indifferent to the resettlement of the Negroes.

Crowded and unhealthy. Once a week, military trucks enter the smog-shrouded slums of Sophiatown, a Negro district that nestles close to a white residential neigborhood in Johannesburg.

In that district, 4 to 10 Negroes may occupy a single room, in shanties that are thick with filth, vermin and sewage. Often they pay exorbitant rents to white and Indian landlords.

—Wide World, United Press

SOPHIATOWN'S SLUMS ARE DEMOLISHED (above). Natives who lived in them are being moved to Meadowlands (below)

Hundreds of armed police, white and native, stand by to prevent disorder among evacuees. In the first week's removals, about 40 native families refused to leave and took refuge in a church.

There is little fuss from the people. They wait patiently beside a litter of household articles—a stick or two of furniture, and a bundle of other possessions.

When the trucks pull up, Negroes and their families climb in and chant native songs as they travel to the new settlement of Meadowlands outside the city. As soon as they leave, military demolition crews take over, blasting the vacated shacks and fumigating the area.

Evacuees, themselves, do not seem to mind their removal nearly as much as they were supposed to.

Better homes, lower rents. These families, moving to the new settlement at Meadowlands, finds themselves in brick cottages of three or four rooms—nothing at all like the disease-infested shanties they occupied in the slums. Each house has cold running water and modern sanitation. Rents, geared to income, are far less than Negroes pay in the city slums.

Nationalist Government officials, encouraged by the way things are going, promise that within a few years there will be complete segregation of races in South Africa.

Negroes are to be allowed to own property only inside any of South Africa's three large tribal reserves, regarded as their "permanent" residence. Those who work in the white man's South Africa—in mines, factories, shops and white households—are to be regarded as "temporary" residents who cannot own property or have other citizenship privileges.

The new settlement at Meadowlands

is the first of such native quarters that will be established outside all cities and towns to house Negroes at what the Government regards as a "safe" distance from white neighborhoods.

Negro rights, in those settlements, are to be restricted. Already there are laws forbidding them to enter white neighborhoods without proper passes from officials and employers. At any time they can be shipped back to their tribal reserve—if they get into some kind of trouble, are out of a job, or refuse to take a job assigned to them.

Other restrictions planned. That kind of separation is to be applied

—Wide World

PRIME MINISTER STRIJDOM
. . . aims at complete segregation

also to South Africa's other races—the 1.2 million "coloreds" of mixed blood and 400,000 Asians, mostly Indians. All of them, the Nationalists say, are a danger to the white race and the white man's prosperity if they get the upper hand.

It is a program that stirs much political argument in South Africa.

The African National Congress, which claims to speak for South Africa's Negroes, promised to "oppose the removal at every stage, regardless of consequences." Negroes were urged to defend their homes with their lives.

As the removals continue, gangs slip from house to house threatening Negro families with reprisals of some kind if

(Continued on page 68)

every day is wash-day, now!

one more reason why our water supply is threatened!

Millions of thirsty new washing machines, air conditioners. Fast-growing, water-fed industries: chemicals, steel, synthetic fibers. Almost 100 million people served by public water supply systems — each using over 100 gallons daily! Demand for water is at an all-time high. Yet rainfall does not increase.

U. S. waterworks engineers . . . doing a magnificent job against great odds . . . warn that our supply is not endless. Last year alone a thousand American towns faced water shortages.

What can you do? At home, conserve. At the plant, look into possible water economies in production. As a citizen, learn about your community's water situation . . . support realistic water rates . . . cooperate with local authorities' efforts to keep your vital water supply adequate.

The time to act is — now.

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This cast iron water main, laid in 1830, still serves Detroit, Michigan. Today, MODERNIZED Cast Iron Pipe, centrifugally cast, is even tougher, stronger. Cast iron's proved record of long, trouble-free life saves your tax dollars. Cast Iron Pipe Research Association, Thos. F. Wolfe, Managing Director, 122 So. Michigan Ave., Chicago 3, Ill.

WATER, your priceless heritage . . .
use it . . . enjoy it . . . protect it with . . .

CAST IRON PIPE

CAST IRON

(Advertisement)

N.S.S.

—or, nothing is simple in Scotland and Chivas Regal least of all

PERHAPS only a Scotsman can fully understand the history of his lovely land. For example, the word Scotland is simply a version of the old Latin name Scotia. But if, in Roman times, you took a ship for Scotia, you would have landed in Ireland.

If you are not daunted by that confusion, let us go on. In very ancient times Scotland was inhabited not by Scots but by Picts, who were rather on the tough side, according to the Romans. Gradually a large part of Scotland (then called Caledonia) was occupied by Gaels and Celts (then called Scots) from Ireland (then called Scotia). The Scots brought their name with them, and it stuck.

All that was long ago. During the centuries the Picts and Scots, with some Britons, Angles, and even a few Norsemen, were amalgamated into one patriotic and industrious nation. Many factors contributed to the blending of the Scottish peoples, but it is permissible to guess that one was the universal mellowing influence of the beverage which is Scotland's most famous export today.

Outstanding in grandeur among modern Scottish spirits is 12 year old Chivas Regal. The production of this whisky, like the history of Scotland itself, is far from simple. To create Chivas Regal, the choicest distillations are blended with consummate skill and endless patience to bring forth a uniform product of such mellowness, such noble flavor, that it has been known for generations as "Scotland's Prince of Whiskies."

There is, alas, one penalty of greatness. A whisky like Chivas Regal cannot be produced in sufficient quantity to meet the demands of all who would like to buy it. If your dealer or barman is sometimes out of Chivas Regal, please give him another call, because we are doing everything humanly possible to keep him supplied!

•

BLENDED SCOTCH WHISKY
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NEW YORK, N. Y.

they do not resist evacuation. The Communist Party, outlawed by the Government, also is busy. White and Negro Communists maintain underground contact with agitators, giving them advice on how to stir up trouble.

Among Negroes, however, that agitation does not seem to be taking hold. The Government, at the start of the removals, put a stop to all public gatherings, but the resettlement went so peacefully at the start that the ban was lifted after a few days.

Opposition among whites to the Government's segregation policy is far more outspoken. Segregation is not popular even among some people who favor white supremacy. Housewives, for example, are afraid that they will not be able to have servants if Negroes are forced to live outside the city.

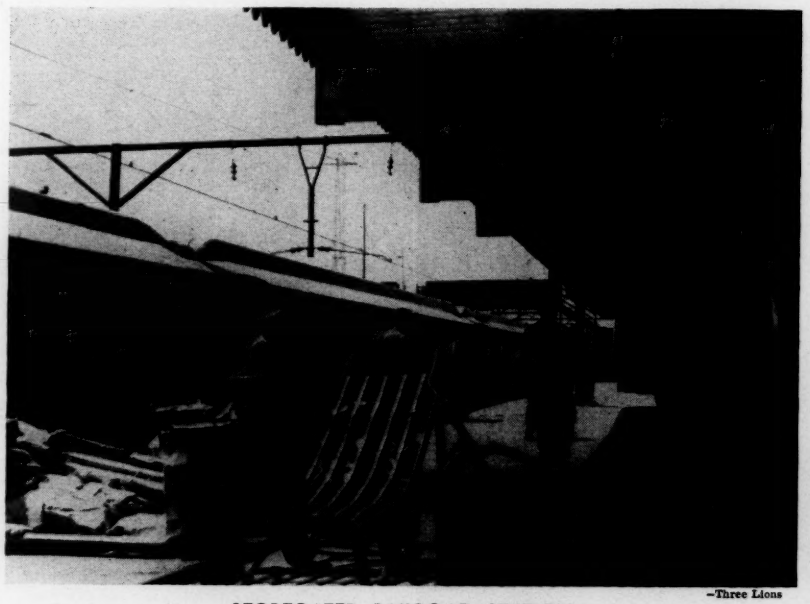
Negro trade a factor. Fears are voiced that all-out segregation will mean economic disaster in South Africa—that downtown merchants will lose the growing Negro trade, that the industrial-labor shortage will become more acute as Negroes look for jobs closer to their new homes.

Anglican Church leaders denounce the removal of native families from their slum dwellings as "inhuman," and criticize the Government decision that churches will not be permitted to operate schools in the new settlements as they did in the Johannesburg slums.

These things added up to a controversy that went on for years, while city officials refused to carry out the removals ordered by the Nationalist Government.

Result was that even Nationalist officials thought there might be trouble, that feelings among Negroes had been stirred by arguments and agitation. Special precautions were taken to keep trouble from getting out of hand.

Agitators rejected. Now it turns out that few people—some Negro leaders and white "liberals"—are really worked up about the "cleanout" of native districts. Negroes who moved to the new settlement are settling in without complaints, so far, and are said to be resentful of those who stirred up agitation in the first place. Nationalists are gaining ground with their charge that much of the support for that agitation came from landlords who were more worried about the loss of their profits from high rents paid by slum dwellers than by the "injustice" of the forced removals.



—Three Lions

SEGREGATED RAILROAD STATION
. . . the rules are getting stricter

There are many white persons who still have strong doubts that the Nationalists, in the long run, can really make all-out segregation work. They say that it would disrupt too many industries, and cost the Government far too much to shift around millions of Negroes.

Nationalist leaders, however, insist that the success of the first removals in Johannesburg encourages their hopes for complete segregation of the races in the next few years. They say it is the white man's only way of avoiding racial conflicts and the collapse of his civilization in South Africa.

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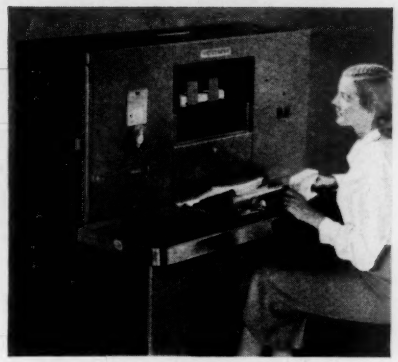

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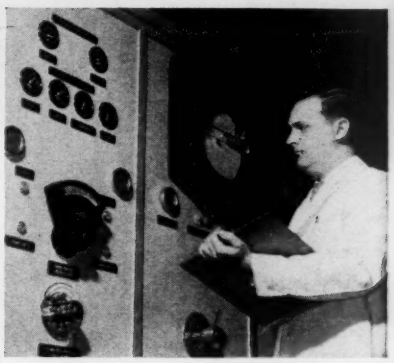

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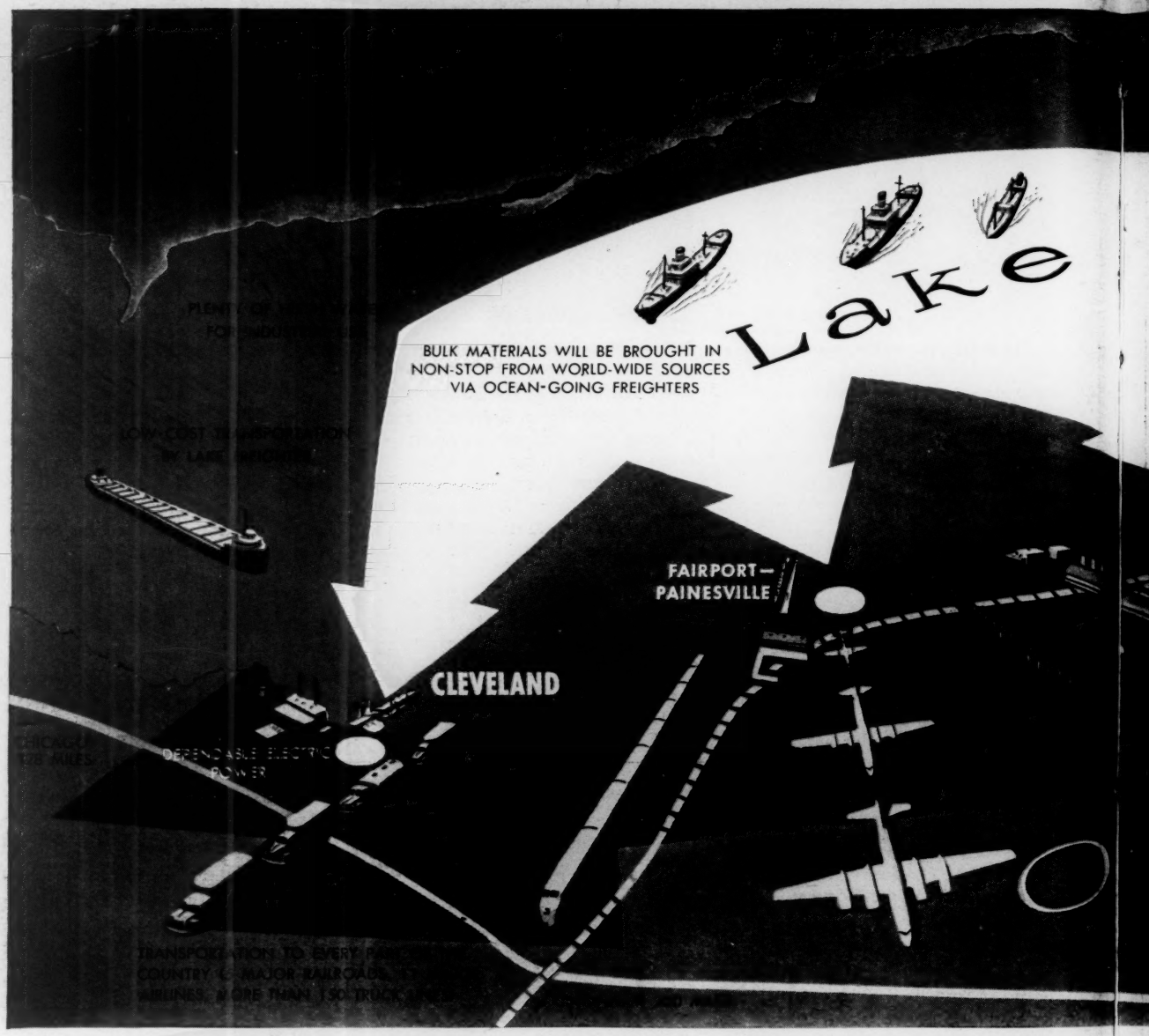

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This new frontier of opportunity is shown in the map above.

Within a 500-mile radius of this Northeast Ohio area are over half the people in the country—eleven of America's fifteen largest cities. At hand, or within a short haul, are most of the basic materials of industry . . . fresh water, coal, iron, salt, limestone, and many others. Even without the Seaway, the advantages of "the best location in the nation" are so great that two billion dollars have been invested here in industrial expansion since 1944.

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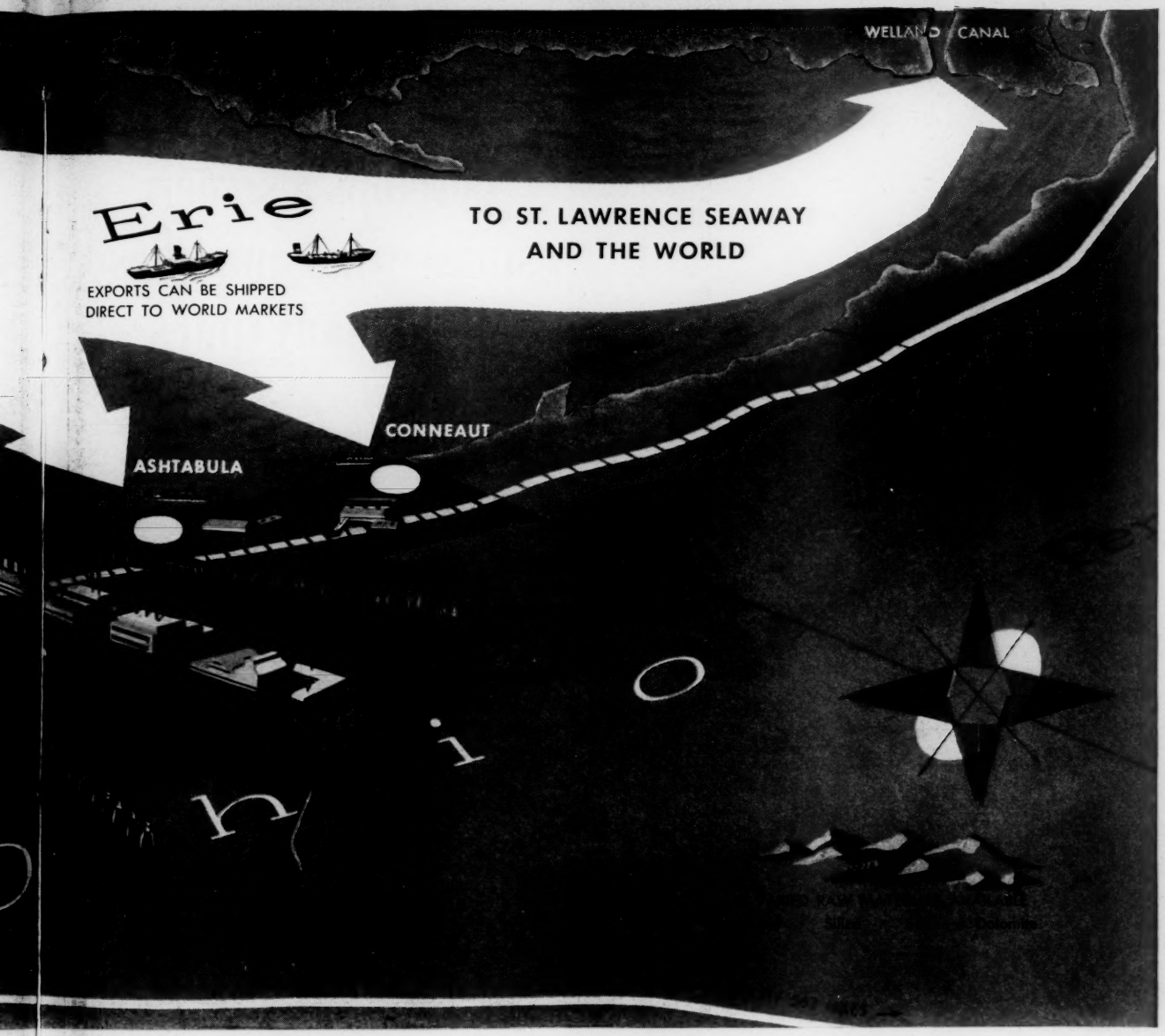

... in Northeast Ohio... plant-location equalled in America

materials can be brought in directly by ocean freighter at minimum cost. Manganese, phosphates, and other raw materials for the first time can be economically processed in the midst of the markets where the finished product is consumed. And heavy machinery can be exported to world markets at lower cost. With the Seaway scheduled for completion in five years, the time to plan for a plant location along Ohio's "Seaway Shore" is during this coming year. We will be glad to help you do it.

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A factual, 28-minute sound movie in color. To arrange a showing for your key people or industry group, write in confidence on company letterhead to R. L. DeChant, Manager, Development Department, The Cleveland Electric Illuminating Company, 79 Public Square, Cleveland, Ohio.

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As we see it, this may be the key to "picture-on-the-wall" television

General Electric develops a screen surface that amplifies light many times

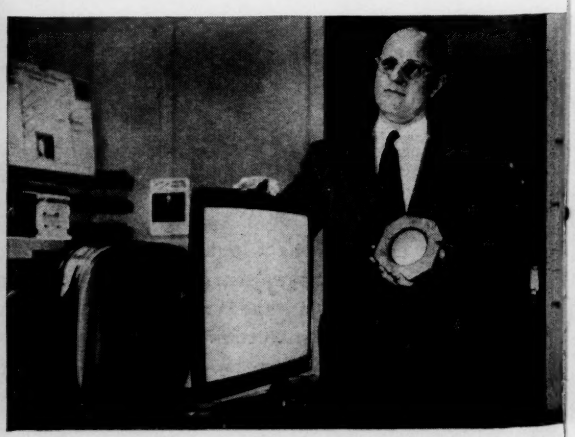
This new discovery permits scientists to increase the brightness of a projected picture without increasing its light source

The two pictures on the left show what may be one of the more important scientific discoveries of recent years.

The top picture shows a dim image of Dr. Willis Whitney, Dr. William Coolidge, past Directors of the General Electric Research Laboratory, and Dr. G. G. Suits, current Director. It has been thrown on a new kind of phosphor screen by ultraviolet light from a slide projector. The bottom picture shows what happens when the screen is "turned on" and an electric current applied to it. The surface actually reflects back more light energy than is projected on it.

Light amplification in a single phosphor layer is a basic discovery. It may open the way to TV sets so flat they can hang on the wall, improved equipment for medical research and other exciting possibilities.

This key development is one of the recent contributions of General Electric's continuous program of research, which over 76 years has led to new products and jobs. As we see it, it is a good example of progress in the American way.



Thin TV set of 1965, as designers imagine it now, is shown next to one of today's TV tubes. Dr. Suits holds in his hand the new light-booster screen developed by Dr. Ferd Williams and D. A. Cusano of General Electric.

Worldgram®

FROM THE CAPITALS OF THE WORLD

LONDON....BANGKOK....TOKYO....NEW DELHI....

>> Growing split between U.S., Britain over Formosa and Quemoy islands stems in part from this: Britons haven't been told military facts of life.

Few in Britain realize that control of Quemoy would give the Communists air-base sites not now available for attacks on Formosa. Quemoy would then be, in effect, a stationary carrier within handy striking distance of Formosa.

U.S. defense of Formosa is generally understood in Britain. Quemoy defense is not. The relationship between the two islands hasn't been explained.

British leaders understand all this, accept U.S. policy as necessary, but most Britons don't. Result: The Churchill Government is on a very hot spot.

>> The British Government, on the other hand, is being candid about military facts of life closer home. Britons are now being told:

U.S. bombs and bombers are today indispensable to the defense of Britain.

U.S. planes, if atomic war comes, are a major defense against what otherwise might be a knockout in 30 hours by Soviet bombs. British radar is good, defense against night attack seems adequate, but, if anybody is to deliver the "Sunday punch" against the aggressor, it would have to be the U.S. Strategic Air Command.

Moreover: American A-bombs and H-bombs, available for use in U.S. bombers stationed in England, are right now the big deterrent to a world war.

U.S. power to prevent a war from starting, or to fight one if it starts, is therefore vital to Britain's survival today and for some years to come.

Later on, Britain will have enough planes, and the H-bomb as well.

Meanwhile, like it or not, U.S. air power has to be relied upon.

>> It hasn't been easy for the Churchill Government to admit to weaknesses in British defenses. But this is the story unveiled in London:

No jet fighters are available, in numbers needed, capable of overtaking and knocking down big Soviet bombers. The Hawker Hunter can do it, but few are in service, and these reveal serious "bugs" which have to be corrected.

The Swift, a jet fighter of which much was expected, is so far a flop.

Other fighters--Venom, Vampire, Meteor--are not fast enough.

Medium bombers are insufficient, despite years of planning, preparation.

Over all, Britain is several years behind U.S. in military aircraft.

Explanation? Postwar economic slump. Bad planning. Limping production.

>> U.S. has a direct interest. U.S. dollars are involved. In last two years, U.S. has put more than 200 million dollars into helping Britain develop the Hunter. U.S. military officials still think it's a good investment, cite "bugs" in U.S. jets from time to time, but U.S. Congress may be less sympathetic.

(over)

>> But, given time, the Churchill Government promises.....

Troubles will be overcome. The Hunter is to be in quantity production, the "bugs" ironed out, within two years. Designing, output of other jets are to move faster. Strategic bombers, to relieve U.S. of load, will soon be in production.

>> The planners, in fact, are drastically overhauling Britain's defense setup.

The RAF, for first time, is to get the lion's share of defense money.

Guided missiles, not yet in production, are to play a major role.

Navy, once Britain's first line of defense, is to play second fiddle, to concentrate on defense against Soviet submarines. New capital ships may be few.

Army will be smaller, revamped for atomic age, with emphasis on mobility.

The Manchester "Guardian" says: "Our weakness does not matter immediately because we are protected by the power of the American Strategic Air Force. That power is very great . . . likely to shield Britain for some years to come."

>> In Bangkok, where diplomats are launching the brand-new Manila Pact.....

It's a beginning, not much more, in Allied defense of Southeast Asia. Don't look for big armies to spring up overnight, for elaborate military plans.

Main point is that, in case of overt aggression, the air and sea power of U.S., Britain, Australia, New Zealand will probably be brought to bear. Ground defenses will depend on local forces, plus a few British, Australian troops.

Open attack isn't expected, however. Subversion is the immediate problem. To meet this, there's to be improved intelligence, program of countermeasures.

U.S. economic aid, at first anyway, may not be as much as expected.

U.S. idea is to let local people assume more responsibility, not less.

>> Soviet Russia has a very special reason for its ardent wooing of Japan.

The reason is that title to valuable real estate is involved.

It's this way: At Yalta, in 1945, Roosevelt and Churchill told Stalin he could have Southern Sakhalin and the Kuriles, held by Japan, if he entered the war against Japan. The 1952 peace treaty--ignored by Russia--said this Yalta deal would stand, if Russia and Japan signed peace terms by April 28, 1955.

Moscow is now hurrying to beat this deadline.

Actually, the 10 Soviet divisions in Southern Sakhalin insure possession of the area, but Moscow likes to dress things up with a legal title if it can.

This is why Moscow is being so nice to Japan, agreeing to negotiate peace anywhere--Moscow, Tokyo, even in New York, if the Japanese prefer.

>> It's significant that Moscow is handling this business direct with Japan, not asking Peiping to help out. It's notice to Communist China that the Soviet "big brother" reserves important chunks of Asia for itself.

Moscow always has regarded Japan as the main prize in Asia, the one area with a really big industrial potential. The drive is now on to capture Japan, relying on trade and subversion to do the necessary softening up.

In Tokyo, the way Japanese see this situation.....Trade with Russia--China too, for that matter--can help quite a bit. U.S. withdrawal of aid and troops is foreseen sooner or later. An island deal with Moscow also may be possible.

Tokyo suspects Moscow may give up the Habomai Islands, close to Japan, in return for Sakhalin and the Kuriles. If so, then Japan's case for getting the Ryukyu Islands, including Okinawa, from U.S. some day will be a bit stronger.

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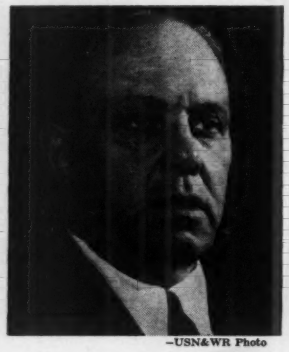
THE MAN .. George Meany **THE NEWS** .. No. 1 Labor Leader



–USN&WR Photo

Is Old-Time Unionism Due for a Comeback?

If George Meany has his way, the country can expect a period of quiet, persistent union activity of the Samuel Gompers type. That is what Mr. Meany wants for the merged AFL-CIO.

THE 15 MILLION MEMBERS of the two big labor organizations in the U. S. are about to get a "bread and butter" leader who believes that the workingman's real gains are made by steady plodding, not by overnight grabs.

George Meany, now president of the AFL, is a plain-talking, 60-year-old former plumber from New York City's Bronx. He is to head the biggest union amalgamation in the non-Communist world when the American Federation of Labor and the Congress of Industrial Organizations complete their merger, probably next autumn.

People who know Mr. Meany say the result should be an era of old-fashioned, brass-tacks unionism. Mr. Meany himself puts it this way:

"We are not out to build any big political organization. We are going to get rid of the ruinous competition that has only been helping the people who oppose us.

"We are going to encourage the merger of AFL and CIO unions within industries. We will not force them. We will go out and organize where the workers are responsive and where we can improve conditions. We will not organize just for the sake of organizing."

As president of the merged AFL-CIO, Mr. Meany will be the executive superior of Walter Reuther, the present head of CIO. Mr. Reuther is expected by some to exert an effervescent influence in the organization. However, Mr. Meany shows no concern over the prospect.

"What is the use of talking about somebody being more 'liberal' than somebody else?" he asks. "We all want the same thing. There are different ideas about how to get it, that's all."

The Meany way. Few people who listen to Mr. Meany have any doubt about his own ideas. He does not use double talk.

Mr. Meany speaks contemptuously of labor socialists, bitterly of Communists and union racketeers. He does not flatter business.

He foresees no labor "third party" in this country. On the other hand, he does not expect labor to tie itself to Democrats or Republicans.

"Political action," he says, "was forced upon labor by those who oppose us. If business had done something in the first place to safeguard a worker from cutting off his hand, we never would have had to go out and seek safety legislation. If

(Continued on page 78)

LABOR LOOKS AT THE MERGER . . .

–Cook in the CIO News

"NOW FOR THE UNORGANIZED"
. . . a CIO view

–Stam in the AFL News-Reporter

"FOR A BETTER AMERICA"
. . . an AFL view

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it hadn't been for these other people, there never would have been any need for us to enter politics."

Today, Mr. Meany says, labor has to have political action to fight for such things as change in the Taft-Hartley Act, against "right to work" laws. Only alternative, he thinks, is to beg for crumbs—"and we don't beg."

On some of the big issues that are bound to confront the merged unions, Mr. Meany is playing the cards close to his chest. One of these is the guaranteed annual wage, which Mr. Reuther is out to get for the United Auto Workers.

The other side. There is nothing wrong with the idea of a guaranteed annual wage, Mr. Meany says. "But it is silly to wring the neck of an employer who cannot possibly guarantee it."

Some industries, able to plan and stockpile for a full year ahead, should, in Mr. Meany's view, contract for an annual wage. Others, notably in the building trades, have to bargain with labor on a "when, as and if" basis. "They would laugh at us if we asked for a guaranteed annual wage," he says, "and want to know if we could guarantee them a full year of work."

The guaranteed wage poses problems for the unions, too, Mr. Meany thinks. "If I were an employer," he says, "I would agree to the annual wage for the lowest number of workers I could think of. Suppose I settled for a guaranteed yearly wage for 700 out of my 1,000 employes. Which 700 would get it? The union would have to decide. There are lots of angles to this thing."

In Gompers's steps. Mr. Meany is not among those unionists who wants to sit on company boards of directors, sees no U. S. trend in that direction. His friends say he is hardly the prototype of a capitalist.

Short and heavy—about 220 pounds—Mr. Meany is likely to combine a dark, double-breasted suit and high, black shoes with a yellow-checked vest. He lives modestly with his family in Bethesda, Md.

Mr. Meany quit school at 16 in New York City, became business manager for his plumbers' local when he was 28. In the footsteps of Samuel Gompers, he became president of the New York State Federation of Labor.

In 1940, Mr. Meany became secretary-treasurer of the AFL. In November of 1952, he became its president after the death of William Green. Even before Mr. Green died, Mr. Meany had taken over many of his duties, profoundly influencing AFL policy.

He was largely responsible for changing the AFL's traditional reluctance to endorse formally any presidential candidate. In 1952, he pushed through the annual convention a resolution supporting Adlai Stevenson.

In the same month that Mr. Green died, Philip Murray, head of the CIO, died also, was succeeded by Mr. Reuther. Together, Mr. Meany and Mr. Reuther brought a fresh approach to unity talks, finally reached agreement on February 9, at Miami.

Mr. Meany had been insistent that John L. Lewis, head of the United Mine Workers, be kept out of the merger talks. Mr. Reuther was willing to do without Mr. Lewis. Now, Mr. Meany says: "Lewis would have wrecked the discussions. You can't live with that man—you can only live under him. He has to be No. 1 on the ticket all the time."

New courses. The AFL has altered course in other ways under Mr. Meany. It has expelled such unions as the International Longshoremen's Association because of racketeering. It has fought off Communist influence, aided anti-Communist labor groups abroad. Mr. Meany has spoken out repeatedly against Soviet Russia's coexistence campaign, denounced the British Labor mission to Peiping, expressed concern lest the U. S. should drift into "massive appeasement."

Mr. Meany says he is an admirer of President Eisenhower, but that "the Administration is on the side of the people it thinks are its friends—in other words, business." He is cool to Secretary of Labor James P. Mitchell, refuses to use him as an intermediary with other Government officials.

"If I want something from Charlie Wilson," he says, referring to the Secretary of Defense, "I pick up the phone and call his office. Same way with the White House. I do just like I've always done."

Recently, Mr. Mitchell noted that U. S. strike losses in 1954 were at a postwar low. "My answer to that," Mr. Meany said tartly, "is: So what?"

The steady way. Mr. Meany is chary of predicting specific achievements for the new organization. But he makes it plain that he does not expect changes "in 48 hours."

He believes firmly that American labor, since the days of Mr. Gompers, has got where it is by plugging ahead, "asking maybe for 25 cents an hour more and taking 25 cents a day." All gains, he stresses, have been within the pattern of free enterprise.

That was the Gompers way, he says. And Mr. Gompers, Mr. Meany believes, "was 50 years ahead of his time."

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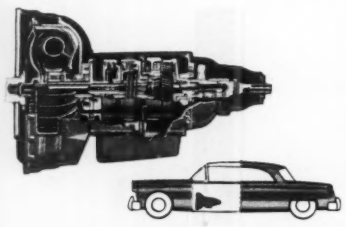

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Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

A WAY TO GIVE BUSINESS NEW "SHOT IN THE ARM"

A bolder approach to the problem of making prosperity permanent is sought in Government.

Men near the President are urging: Stimulate investment by industry and the public; get many new factories built; count on this to keep business strong.

The Eisenhower Administration is working out a broad plan to get business to spend more money for new factories and machines.

This investment, now in a decline, is regarded by the President's chief economists as a kind of mainspring in the economy; keep it wound up, they say, and business as a whole is likely to go on running at a prosperous clip.

Hence, a whole barrage of devices now is being readied: new tax relief, more money for research, changes at the Patent Office. Even aid for education is being tied into the plan to bring on more spending.

Two important results are hoped for—

Stimulation for business in the immediate future.

More jobs, in the long run. New factories, new stores and new offices are viewed as the only way to take care of the increasing number of young people who go looking for jobs each year.

Wanted: a "hypo" for business. As a stimulant, the federal aides say that dollars spent on new plants and equipment are "high-powered dollars."

You see what they are driving at, if you think of a new factory—say a furniture plant—being built at a cost of a million dollars. Until the plant is finished, it adds nothing to the supply of furniture. But all the time it is going up, it takes away metal, cement, lumber and other materials. It puts a million dollars into the pockets of construction workers, architects, engineers, contractors and suppliers; much of the money is spent eventually for consumer goods.

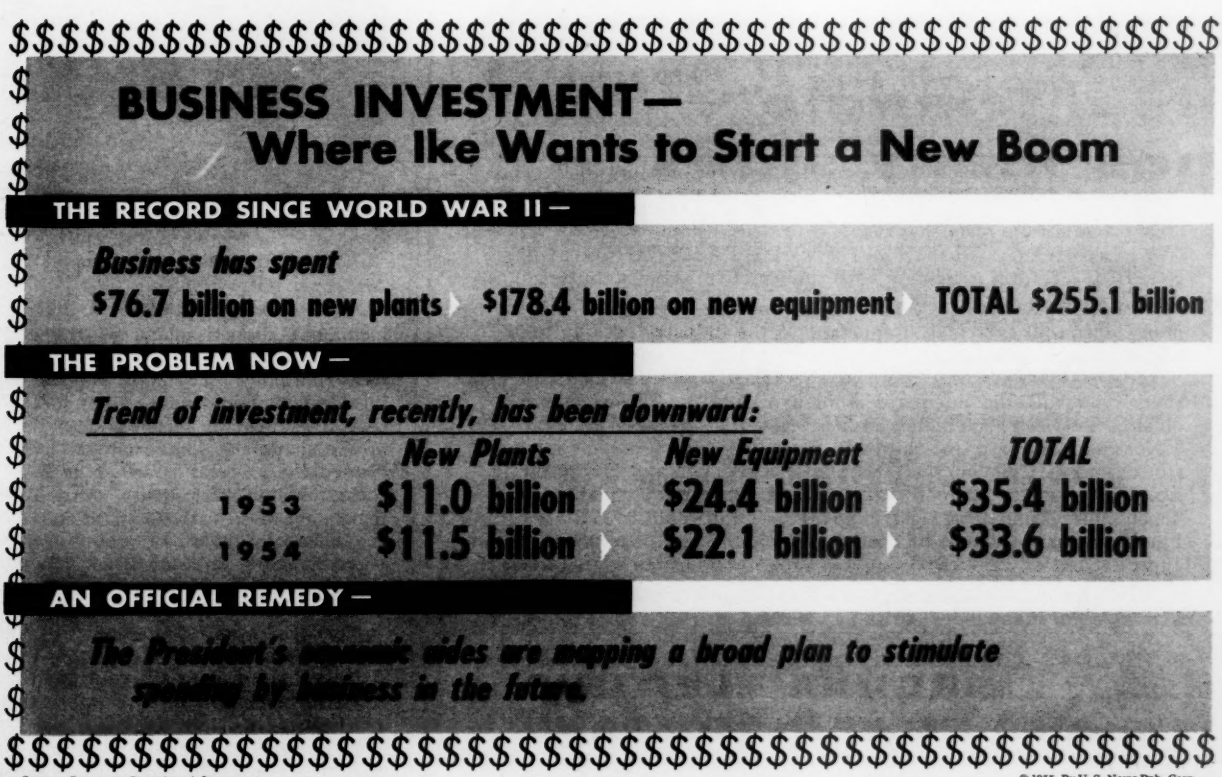
Thus, there is a large, widespread increase in demand for goods, but no increase in supply. The result, naturally, is a bit inflationary.

If the million dollars is spent for making furniture—or any other consumer goods—instead of for putting up a new factory, it is not nearly so powerful, the economists say. Supply of goods for consumers then increases at the same time the money finds its way into the spending stream. The result is less inflationary.

Now investment declines. In the chart on this page, you see the enormous sum spent by businessmen, including farmers, on machinery and buildings since 1945. Most of the money has gone for machinery; in many cases, shiny, up-to-date equipment has been put into outmoded structures.

Thus, there would seem to be room

(Continued on page 82)



Source: Commerce Department figures

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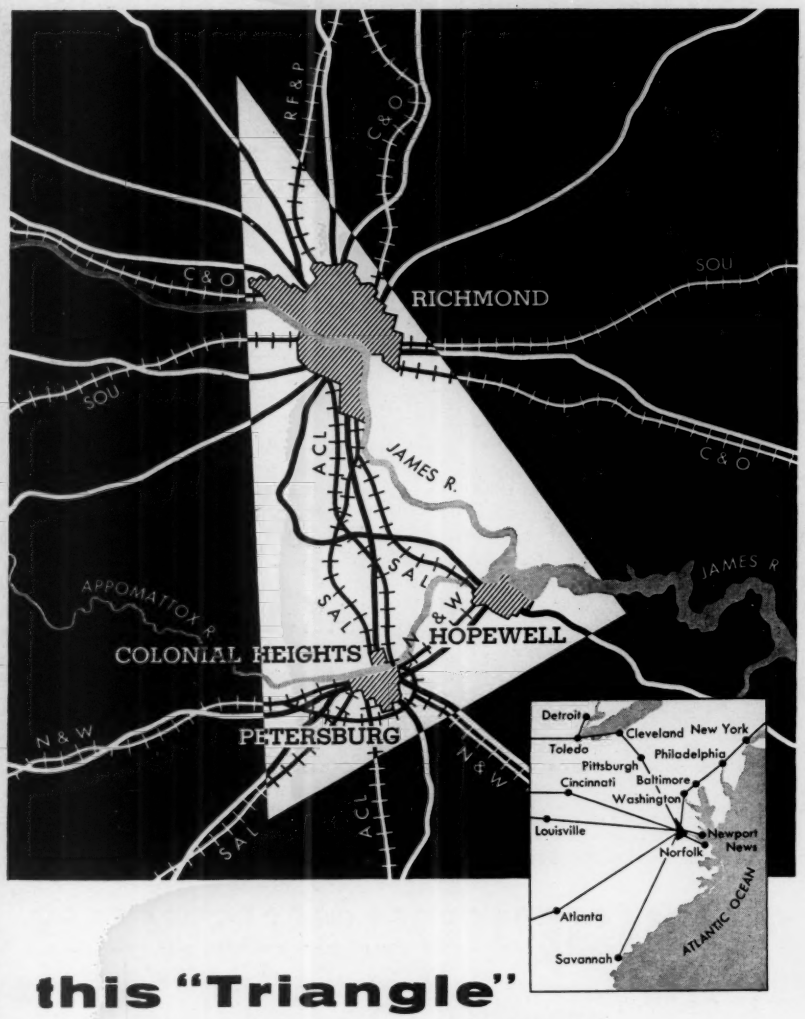

this "Triangle" has many sides

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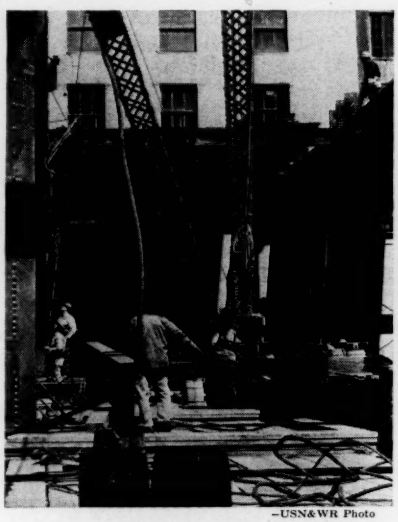
Investment in 1955 may reverse '54 drop . . .

for many new factories, especially in growing locations.

Yet, the great investment of recent years has made some businessmen and economists a bit fearful. They think there may be a surplus of plants, that factories may be able to turn out lots more goods than the public will buy.

When that happened in the past, there was a wide drop in spending for new buildings and machinery. The drop from 1929 to 1932 was 74 per cent.

Each time, a big drop in investment has been linked to a depression. On the other hand, the drop in investment in the 1948-49 recession was small; the drop in the rest of business also was small.



—USN&WR Photo

NEW FACTORY GOES UP
. . . with "high-powered dollars"

Now spending for plants and equipment has slipped again, as the chart shows. Studies by the Economic Unit of *U. S. News & World Report* indicate that this decline should be reversed in 1955, that investment by business should start to rise again. But some surveys have indicated the reverse, a further decline.

So, federal officials are worried. To make sure of an early increase and keep the amount of investment rising over the years is the main concern of much of the planning in the President's Council of Economic Advisers.

The feeling in the Council is that there is no surplus of plants, that much will be done by business to expand and modernize factories, if the right atmosphere is created by the Government.

Tax relief. One main line of action is to lighten taxes. The plan is to do this in

. . . Several plans advanced for reducing taxes

a variety of ways—to encourage people to invest in stocks, to let businessmen get their invested money back faster and to make investing safer.

Encouragement to the great body of investors would be given through changes in capital-gains taxes. This would make it easier for business to raise funds, to be used for expansion, through the sale of stocks.

One move, already favored by the Treasury, would help to protect the investor against losses. It would enable him to deduct losses in excess of the present limit of $1,000 from his regular income.

Another move would enable him to move in and out of various investments more rapidly and still qualify for the maximum tax rate of 25 per cent on long-term capital gains. At present, a holding period of six months is required; one proposal is to reduce this to three months.

Quicker return for the corporation that puts its money into new machines is also planned. This would be provided by allowing the company a special deduction in the year the money is spent. That would be in addition to amounts claimed for depreciation over a period of years. The last big tax change increased these regular deductions in the early years of a new plant or machinery.

Some of the risk would be taken out of a company's investment by still another device. This would increase the number of years of back taxes that can be reclaimed, through refunds, if a business goes into the red. Taxes of two preceding years can be recaptured at the present time; the period should be stretched out a year or more, the economists believe.

Some or all of these revisions are likely to be proposed the next time the Administration opens the way for tax relief. The time for that is set, tentatively, as 1956.

According to the economists' way of thinking, tax reduction should not be held up until the Treasury completely balances its budget.

More inventions. A second main line of action, laid down in the Economic Council, is to encourage invention in every possible way. Here the aim is to bring new gadgets into industry at a more rapid rate, so that present equipment will be outmoded sooner and have to be replaced.

One thing that has prevented sharp drops in investment since World War II is the fast pace of change in industry, the experts say. New products require new machinery. As a new machine enables

(Continued on page 84)

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. . . Federal aid coming for scientists, engineers

one company to cut costs, competitors are almost forced to modernize or lose business.

Thus, invention can make investment in new plants and equipment compulsory for many businessmen, even in years when their business is not so good.

Invention, therefore, is being looked on by the President's men as something that stabilizes and also stimulates. To encourage it, a number of new steps are being proposed.

Federal aid for education, already announced by President Eisenhower, is considered a first step. It is to be followed with more Government money for fellowships, scholarships, other help for college students and teachers.

The idea is to produce a larger crop of scientists and engineers to work in the laboratories of industry.

The Patent Office is to get a fresh infusion of funds and the latest type of electronic equipment, if the economists have their way. At present, it takes about three and one half years for a company or individual inventor to find out if he has a patent to protect a new product. The President's advisers want this delay cut to a fraction.

More money is also to be spent by the Government in research. Plans call for 2.2 billion dollars for this purpose in the fiscal year starting July 1, 1955; 7 per cent more than in the current year.

In later years, the experts say, still more money should be provided for basic study that may not get enough attention from private groups. Projects are proposed for sizing up deep deposits of petroleum and other minerals and for harnessing power from the sun and tides.

Private development in atomic energy is to be given every encouragement by the Eisenhower Administration. Invention in the field is considered likely, in time, to replace present-day ships, locomotives and power plants.

Start from scratch. Thus, the broad plan now being urged by the President's top advisers starts way back in the classroom and reaches on up through the laboratories to touch the corporation's balance sheet and the investor's appetite. Action by the Federal Government over the next year or so is designed to make business able and anxious to spend more for factories and machines.

In this way, the economists hope to eliminate any danger that a slump in this kind of investment might some day make for a serious recession. The plan is regarded as a major move to make prosperity permanent.

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the King is happy bowling . . . approves of what she buys!

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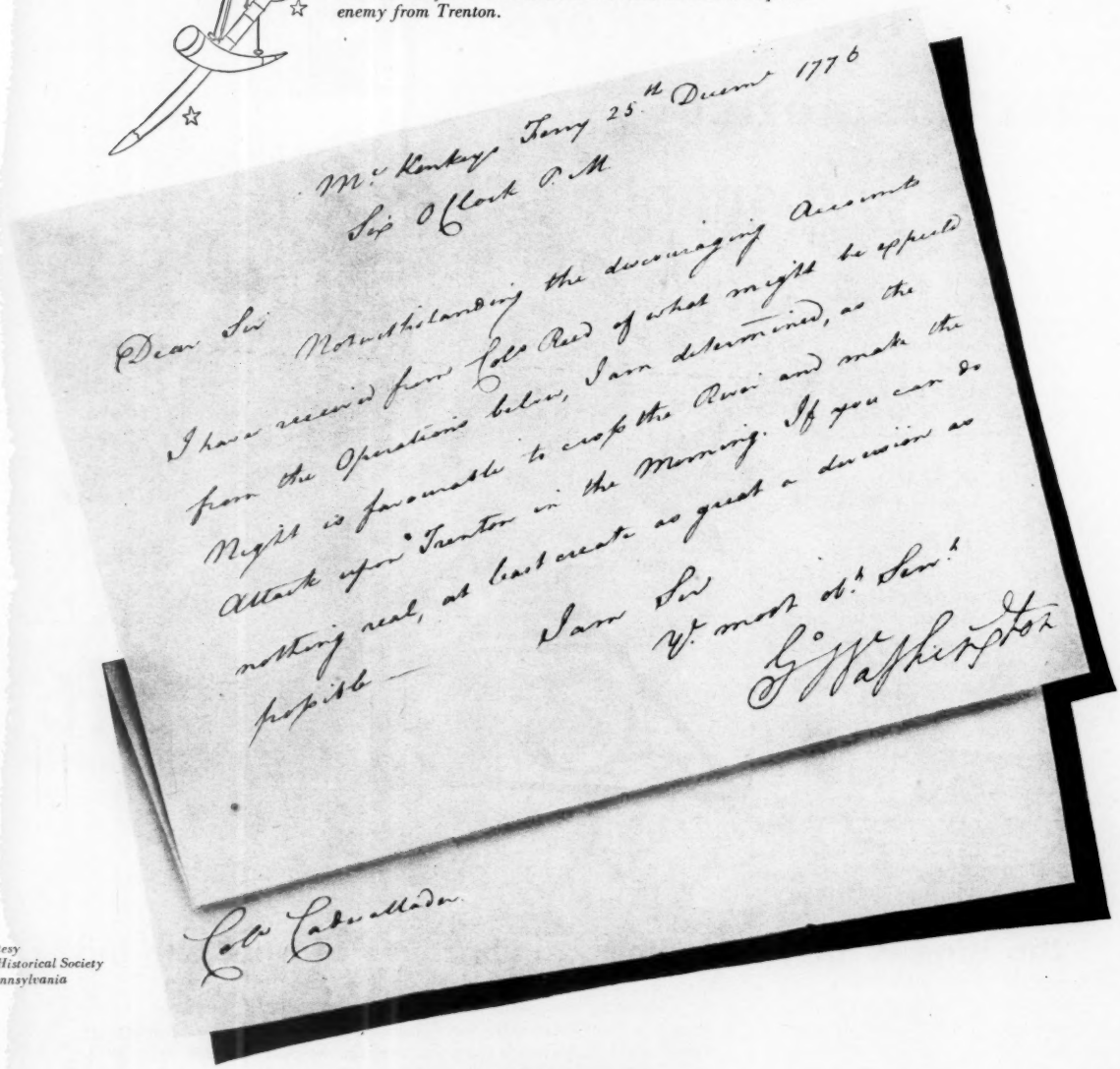
☆ *Memorable American Letters...*

December 1776 saw the British holding the Continental heartland from the upper Hudson south to Maryland. George Washington saw his chance to "... clip their wings while they are spread so far." His Christmas Day order to Colonel Cadwallader, reproduced below, directed American troops to cross the ice-jammed Delaware. The attack drove a surprised enemy from Trenton.


Dear Sir
Notwithstanding the discouraging Accounts
I have received from Colo Reed of what might be apprehended
from the Operations below, I am determined, as the
Night is favourable to cross the River and make the
Attack upon Trenton in the Morning. If you can do
nothing real, at least create as great a diversion as
possible —
I am Sir
Yr most obt Servt
G° Washington
Colo Cadwallader

Courtesy
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Though a cutoff on eligibility for liberal benefits of the Korean GI Bill of Rights has just gone into effect, don't get the idea a boy now entering service will receive no benefits whatever as a veteran.

GI BENEFITS. There's much misconception about what the cutoff means. For youths going into the armed forces after Jan. 31, 1955, it ends any Government help toward a college education, buying a home, or getting started in business--plus other postservice advantages. But it doesn't shut off entirely from veterans' rewards a boy now getting drafted or volunteering. He still may be eligible--in service and afterwards--for a string of "peacetime" benefits.

SERVICE REWARDS. Here's a summary of some of the major benefits:

Servicemen's indemnity--$10,000 coverage for death while on active duty, payable to beneficiaries.

Veterans' insurance--Up to $10,000 worth; term policy, renewable each five years at higher premium. Other types of policies available in certain cases.

Medical and dental care--For veterans with service-connected disability.

Disability payments--Monthly checks to veterans disabled by injury or disease incurred in, or aggravated by, peacetime service.

Dependents' compensation--Payable where veteran's death is due to service.

VALUING JEWELRY. The federal excise taxes you pay when you buy jewelry, furs, and similar personal property must be counted as part of the value of these items in determining estate and gift taxes on them. Thus rules the Internal Revenue Service. Such articles are included in your estate, or assessed for gift tax purposes, at their fair market value. This, says IRS, is based not only on the price of the article, but the price plus tax.

SOCIAL SECURITY. Point to note about people you hire for work around the house: You now may find yourself having to pay Social Security taxes on wages of those you employ for "one shot" jobs--an ordinary laborer, for example, whom you pick up to paint your kitchen, or a carpenter you get to come in on days off from his regular job to do over your recreation room. They come under the new law's provision requiring collection of Social Security taxes on wages of employes to whom you pay more than $50 during any quarter of the year.

Note, however, that this provision doesn't apply if the one-shot workman you hire qualifies as a self-employed tradesman. Then he pays his own tax.

(over)

COMPANY PENSIONS. If you quit your job, and receive a cash settlement for giving up your interest in a company pension that had been building up, the amount you receive is considered compensation on which you must pay income tax. It cannot be treated as a tax-free gift. So holds a U.S. Tax Court decision.

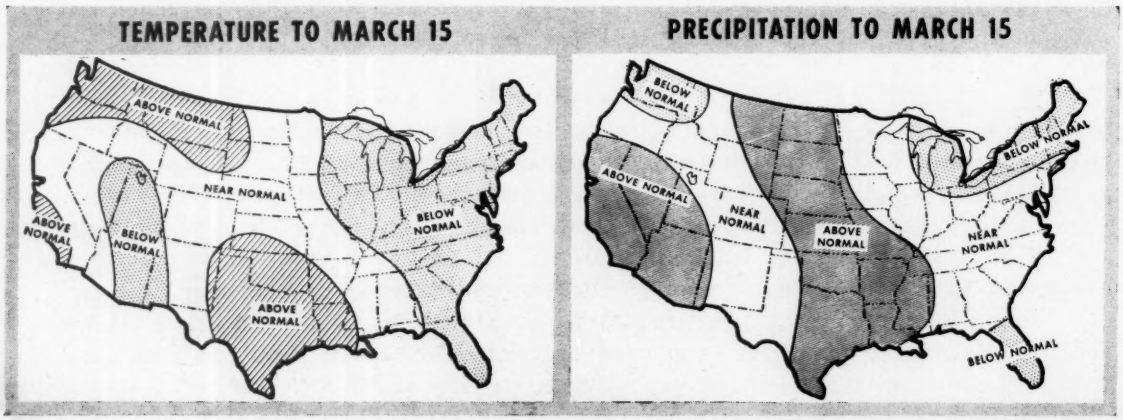
BALDNESS. Best way to avoid ordinary baldness is to choose well-thatched ancestors--baldness is largely hereditary, says Dr. Rees B. Rees of the University of California Medical School. There is evidence, he says, that another factor in baldness may be an individual abundance of male hormones--few women are bald. Also, scalp disorders may hasten loss of hair; keeping hair and scalp clean helps avoid disorders, Dr. Rees adds. Periods of heavy fall of hair aren't necessarily a bad sign, he says. Hair grows, lies dormant and replaces itself in cycles. Sometimes the cycles of many hairs coincide, he explains.

TAX BOOKLET. An official, simply written explanation of changes made by the new tax law now becomes available. It's the "Summary of New Provisions of the Internal Revenue Code of 1954," prepared by Congress's Joint Committee on Internal Revenue Taxation. Available from the Government Printing Office, Washington 25, D.C. Price, 40 cents.

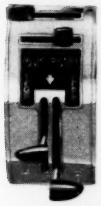
JOB SATISFACTION. Dissatisfied with your job? If you are, and you're in one of the professions, you may merely be typical of your kind. At least that's the finding of a survey conducted by the University of Chicago's Industrial Relations Center. It reveals that chemists, physicists and engineers express more job frustration than skilled workers, foremen and salesmen. The former tend to be happy in their career choice, but not in their companies--they're critical of company efficiency and feel hamstrung by management, the study finds.

OVERSEAS JOBS. That youngster of yours in college, looking for a career, might want to know this about assignments in the U.S. Foreign Service: A record number of openings for career officers will be up for competitive examinations next June in a new State Department recruitment program. Exams are to be held in 65 U.S. cities--instead of only Washington, as in the past.

WEATHER. Winter's grip will not let up before mid-March in much of the nation, the Weather Bureau says in the outlook on which these maps are based:



NOT A C D IN THIS CARLOAD!



New Chevrolet Deluxe heater and defroster, features illuminated panel with new slide-easy controls.

New Chevrolet heater-defroster maintains even car temperature ...provides panoramic defrosting.

Wind-swept, winter-whipped highway outside! But inside, the whole family rides in comfort . . . snug, warm, safe. Windows are clean and clear—temperatures are healthfully even throughout the car. That's because Harrison's Deluxe heater and defroster for the all-new Chevrolet has been *engineered for the job.* In building heaters and defrosters, it's engineering, research and production that count . . . and Harrison has been a leader for more than 40 years in the field of automotive heat transfer and control. That's why you'll find Harrison heaters and defrosters, as well as radiators, on Cadillac, Buick, Oldsmobile, Pontiac and Chevrolet. If you have a hot or cold problem, look to Harrison for the answer!

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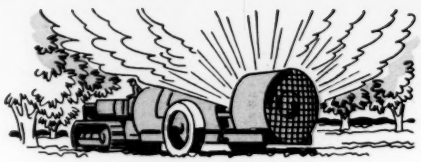

PROTECTIVE MISTS from *John Bean* power sprayers aid agriculturists in growing bigger and better crops free from insects and disease.

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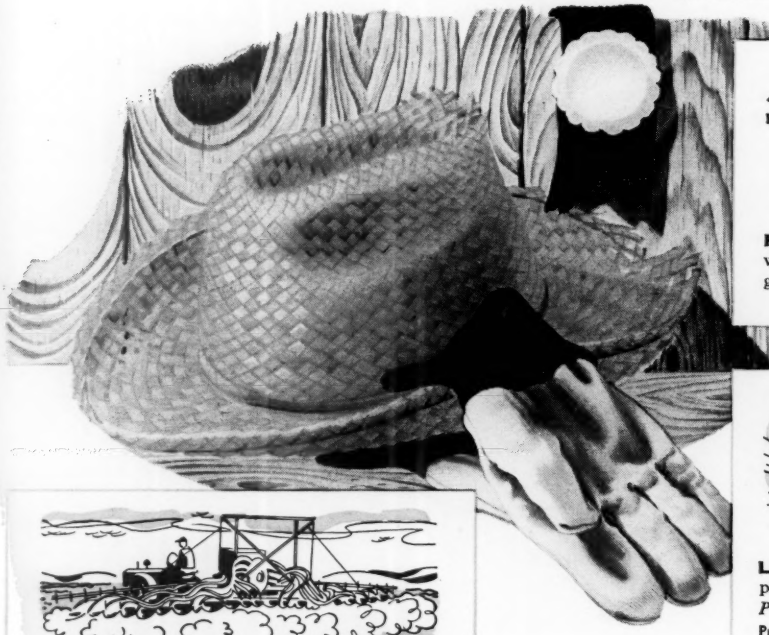

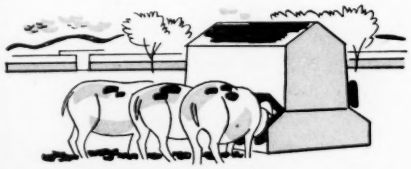

PIGS BECOME HOGS up to 30 days sooner with *Oakes* special feeders and waterers. Chicken growers too depend on *Oakes* poultry equipment.

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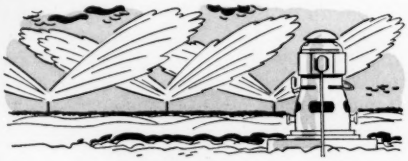

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DEATH-DEALING DUSTS to safeguard row-crops and other plantings from infestation are applied by *Niagara* dusting machines.

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BETTER HARVESTING is done with *John Bean* potato harvesters which mechanically dig, gather and load tons of trash-free potatoes per hour.

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DULLES SEES RISK IN RETREATS

Asia "Indefensible" If People Lose Confidence in U. S.

Following is full text of an address by Secretary of State John Foster Dulles to the Foreign Policy Association in New York City on Feb. 16, 1955:

I

This foreign policy, for which your organization is named, this foreign policy of ours has as its broad objective the effort to enable our people to enjoy, in peace, the blessings of liberty. Now we find that, under present world conditions, we cannot achieve that goal for ourselves by thinking only of ourselves. We must help other peoples to be free. Thus, we find that enlightened self-interest combines with high principle to lead us to do for others what, if conditions were reversed, we would like those others to do for us.

Our task is not an easy one, nor is it a task that can be discharged without sacrifice and risk. These days, for example, stormy winds are blowing from Moscow, from Peiping.

In Moscow, Foreign Minister Molotov pours 17,000 words of abuse upon the Western powers. And in Peiping, Foreign Minister Chou bitterly assails the United States and threatens to use all the force at his command to capture Formosa.

A heavy responsibility devolves upon the President daily, and upon the Congress, in making delicate decisions which may spell the difference between peace and war.

Now, all of us would like to see peace permanently assured. And we long for some simple and especially for some certain formula which would relieve us of the present anxious tasks. But perhaps we are learning a needed lesson, and that is that there is no easy way to win peace.

Twice in our generation efforts have been made to secure peace by broad agreements to abolish war. The Pact of Paris of 1928 binds over 60 nations to renounce war as an instrument of national policy. But, shortly after it was made, the nations fought in Europe, Asia and Africa.

The United Nations Charter of 1945 binds 60 nations to refrain in their international relations from the threat or use of force. But there has been armed aggression in Korea which was promoted by Soviet Russia, and later Communist China was found guilty of armed aggression there.

It is good that mankind should by great pronouncements demonstrate its hatred of war and its determination to outlaw war. The idealism that prompts those pronouncements is indispensable. But it would be dangerous to assume that treaties or pledges alone would relieve us of the burdensome tasks we undertake in the struggle for peace.

Treaty pledges, no matter how solemn, will never restrain powerful and ambitious rulers who do not accept the restraints of moral law and who are not responsive to the will of the people. As against such despots there must be other and further restraints than words.

Thus the struggle goes on. We dare not relax, because the moment of relaxation is the moment of peril. Treaty declarations must be packed by a purpose that is ever sustained, by an intelligence that is ever alert, and by power which is ever ready and able to punish aggressors so that aggression will not pay.

Whenever the advocates of peace seem to lack those qualities, then peace is in jeopardy. On the other hand, so long as those qualities are manifestly present, then we can have good hope that the battle for peace will be won.

That hope is the more justified because modern weapons possess such immense destructive power. That fact is frightening. But the very fact that it is frightening means, I hope, that the most reckless will pause before taking action which would bring modern weapons into play.

During these days the Soviet and the Chinese Communists are probing, probing deeply, the intentions and the resolutions of the free nations. But we need not feel worried or despondent, for what the despots will discover from their probing ought, I think, to restrain them.

In Europe, there seems no retreat from the basic resolve to create the Western European Union and so to end the disunity of Europe. To replace that disunity and weakness with unity and with strength will be the greatest single contribution which could be made to the cause of peace.

In Western Europe there are over 200 million highly civilized people. They possess in the aggregate the intellectual and the material resources to be both prosperous and safe—provided only that they are united in spirit and properly organized to work together. When this unity is achieved, great things will come about. Western Europe will have not only the strength to solve its own internal and external problems but will be a mighty force to preserve world peace.

II

In the Far East, the United States has responded to the desire of others that we join with them to assure their security. And, during the last four years, the United States has become a party to security treaties with Korea, Japan, the Republic of China on Formosa, the Philippines, Australia and New Zealand. And also we have joined the eight-power Manila Pact for the security of Southeast Asia.

The total of these security treaties is a mutual-security system which, starting from the Aleutian Islands in the north, runs in a great arc to the South Pacific. And this constitutes a defensive bulwark for freedom in that part of the world.

What has thus been done by many nations is of the utmost importance. Also important is the manner in which the United States has played its part, particularly during recent days.

When the Congress convened last January, it was organized by the Democratic Party. So, when the Manila Pact and the China Treaty were submitted, they were submitted by a Republican President to a Democrat-controlled body. The same was true of President Eisenhower's request for congressional authority to use the armed forces of the United States in the Formosa area.

Despite that political division, the two treaties were ratified and the congressional authority was granted, and this was done promptly and with virtual unanimity.

These events demonstrate a capacity for action which is certainly needed in the world today. Too often representative processes lead to such partisanship and such consequent delays that hostile forces are encouraged to believe that the democracies are inherently ineffective. The Government of the United States has shown the contrary. Partisanship was wholly subordinated to the national good, so that action of great importance could be taken with deliberation, but with decisiveness.

For this the nation can be grateful to the leadership and to the general membership of both parties in the Congress. And I know that they would want me to pay special tribute to Walter F. George, who, as chairman of the Senate Foreign Relations Committee, carried the heaviest aggregate burden of responsibility in relation to the three acts to which I refer.

(Continued on page 92)

They'll have to think up some new "seasons" for MOA *California*

Many of our transplanted easterners have trouble describing MOA (Metropolitan Oakland Area) "seasons"—especially "summer" and "winter".

It's hard for easterners to conceive of a place without snowstorms or heat waves—just a mild, gentle climate the year around. Rains sometimes, but it's never really cold. Cool breezes sweeping in through the Golden Gate provide summer "air conditioning".

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We can all take just pride, as Americans, in this demonstration of national unity and capacity. Because of it, free men throughout the world can face the future with better hope and with new confidence.

III

During these days that I refer to, when the capacity of the representative form of government has been demonstrated in the United States, there has been occurring in Moscow an extraordinary demonstration of despotic disarray. The Prime Minister, the head of the Soviet state, was peremptorily summoned to a high Soviet session in the Kremlin and subjected to the public humiliation of hearing another read his resignation and his confession of "my guilt."

Now, with that Communist verdict we need not quarrel. But the full significance of what has occurred is still intriguing and still somewhat obscure, and it may well be that the last act of this drama has not yet been played.

Undoubtedly, what we see is in part an elemental, personal struggle for power. But also one can perceive the outlines of a basic policy difference. There must, in Russia, be those who are primarily concerned with the welfare, the security and the greatness of the Soviet Union and its people. But there are others who would have the Soviet Union and its power serve primarily as a tool of international Communism and as a means of achieving its world-wide ambitions. These two ends, the one symbolized by the state and the other by the party, do not always coincide.

To us, the party and the state in Russia usually seem indistinguishable, because many individuals serve in dual capacities. But Lenin and Stalin constantly emphasized the distinction between the two. "The party," said Stalin, "is not and cannot be identified with the state power."

We also should keep that distinction in mind. The time may come—and I believe that it will come—when Russians of stature will put first their national security and the welfare of their own people. They will be unwilling to have that security and that welfare subordinated to the world-wide ambitions of international Communism. If their point of view should prevail, then, indeed, there could be a basis for worthwhile negotiation and practical agreements between the United States and the new Russia. Then there might be reactivated the historic friendship between our countries and our peoples.

IV

Now, let me turn to deal with some of the substantive problems which

arise out of the two Far Eastern treaties to which I have referred—the China Treaty and the Manila Pact.

The United States is firmly committed to the defense of Formosa and the Pescadores. Those islands became part of the Japanese Empire in 1895. They continued as such for half a century, until they were relinquished by Japan as a result of her defeat in war—a defeat principally wrought by the efforts and sacrifices of the United States.

These islands form an important part of the Western Pacific defense system which I have described. And the people on the islands eagerly seek our help.

Thus Formosa and the Pescadores have been and are properly a matter of concern to the United States.

In 1945 our long-time ally, the Republic of China, was entrusted with authority over these islands. In 1950, when the aggression against Korea occurred, President Truman ordered our Pacific fleet to defend Formosa against possible Chinese Communist attack. Now, our determination has been converted into our Mutual Defense Treaty with the Republic of China.

It is important to note that the Treaty, except as it relates to United States territories, covers only the islands of Formosa and the Pescadores, and an armed attack directed against those islands. The congressional authority is to secure and protect Formosa and the Pescadores against armed attack, and to make secure and to protect what the Act calls "related positions and territories" as the President judges that "this would be required or appropriate in assuring the defense of Formosa and the Pescadores."

The President did not use our armed forces to help the Chinese Nationalists to hold the Tachen islands and Yushan and Pishan, lying some 200 miles north of Formosa. These islands were virtually unrelated to the defense of Formosa and the Pescadores. We did help the Chinese Nationalists to evacuate these islands and to regroup their forces, and the result was to avoid a bloody and wasteful battle which would have inflamed public emotions. Thus, Nationalist China and the United States have made an important contribution to the cause of peace.

It has been suggested that the Nationalist Chinese should go further and should surrender to the Chinese Communists the coastal positions which the Communists need to stage their announced attack on Formosa.

It is doubtful that this would serve either the cause of peace or the cause of freedom.

The Chinese Communists have been the initiators of violence in this area.

(Continued on page 94)

Rockwell Report

by W. F. ROCKWELL, JR.
President
Rockwell Manufacturing Company

THERE ARE DISTINCT ADVANTAGES, we believe, in a broad program of diversification and decentralization. But at the same time there are problems; two of which are concerned with effective communication. The first is that of selecting and transmitting information to and from scattered plants to keep management informed, and at the same time encourage plant managers to make their own decisions. The second problem is that of developing a staff of men competent to produce and sell our diversified line, and to handle, within the shortest possible time, any new product the company may acquire or create.

In working out our own solutions, undoubtedly we do many of the same things other companies do. But there may be differences in the *degree* to which we do them. For instance, our whole communications program is based on a policy of near-total disclosure of operating information to a rather wide group of management, production and sales personnel. Much of the data we disclose to improve management efficiency would, in most firms, probably be restricted to the executive board or board of directors.

Another difference may be that we use more kinds of communications media than most companies. We do this because we believe that communications, like any product intended for human consumption, must be merchandised. We present information in an attractive package, and so edited that it requires a minimum of reading time.

There are several indications that this method is effective for us. Among the men who run our 19 plants in different communities, and sell our products to 15 major markets, there is a good "working together" feeling in spite of wide differences in geography, backgrounds and responsibilities. When vacancies occur at department head or executive levels, there are always men within our own organization prepared to move up. And our diversification program is achieving its central purpose: security of earnings, jobs, and dividends.

* * *

For a number of years we have been operating one of the highest temperature steam generating units in the country. At our subsidiary, Edward Valves, we've been testing valves and valve materials at steam pressures above 5000 pounds at temperatures as high as 1300° F. This research and development effort is paying off now that higher steam pressures and temperatures (up to 4500 pounds at 1150° F.) are so much in the news. Rockwell-Edward valves are tested and ready for these more drastic high-temperature, high-pressure services.

* * *

These reports are intended primarily for United States consumption, but not infrequently we receive evidence that they are read abroad as well. For instance, in discussing the background of our International Department manager (whose former responsibilities had been in London) we were very pleasantly surprised to discover that he had come to know of our company through reading "Rockwell Reports." His desire to be associated with us (he was also in contact with two other very well-known companies) was based on what he read there.

* * *

"School Shops for Today and Tomorrow" is the title of a new 42-page book on school workshop planning published by our Delta Power Tool Division as an aid to schools in meeting sharply increasing enrollment. The book includes 25 winning plans chosen by five American school leaders in an international school shop planning contest sponsored by Delta. As far as we know, it is the only existing compilation of plans that concur with current professional thinking on this important phase of school planning. It is being offered to school people at a nominal price.

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They have already formally declared their intention to take Formosa by force. If the Chinese Nationalists now oblige by making it easier for the Chinese Communists to conquer Formosa, will they be less apt to do so? I gravely doubt it.

The United States has no commitment and no purpose to defend the coastal islands as such—I repeat: as such. The basic purpose is to assure that Formosa and the Pescadores will not be forcibly taken over by the Chinese Communists. However, Foreign Minister Chou for the Communists says they will use all their forces to take Formosa and they treat the coastal islands as means to that end. When the Nationalists voluntarily evacuated the Tachen islands, the comment of the Chinese Communists was, and I quote from their radio: "The liberation of these islands has created favorable conditions for our People's Liberation Army in the liberation of Formosa."

Thus the Chinese Communists have linked the coastal positions to the defense of Formosa. That is the fact which, as President Eisenhower said in his message to Congress about Formosa, and I quote, "compels us to take into account closely related localities." Accordingly, we shall be alert to subsequent Chinese Communist actions, rejecting for ourselves any initiative of warlike deeds.

It is hardly to be expected, of course, that the Chinese Communists will renounce their ambitions. However, might they not renounce their efforts to realize their goals by force?

Such renunciation of force is one of the basic principles of the United Nations, and the United States had hoped, and, I may say, still hopes, that the United Nations may be able to effect a cessation of the present hostilities. President Eisenhower, in his message to Congress dealing with this matter, made clear that the United States would welcome any action by the United Nations which might bring an end to the active hostilities in the area. The Government of New Zealand has brought this situation before the Security Council, and the United States, in the interest of peace, went to the length of voting to invite the Chinese Communists to come to the Security Council to discuss the matter.

In 1950, the Chinese Communists had accepted a Security Council invitation in relation to Korea. However, this time the Chinese Communists contemptuously rejected the invitation.

We sincerely hope that this decision of the Chinese Communists is not irrevocable and that they will abide by the principles of the United Nations rather than challenge by force the defensive obligations of this country. In any event,

(Continued on page 95)

YOU CAN MAKE ENDS MEET IF THE Right Pipe IS IN BETWEEN

It's the unexpected expenses that make it hard to balance the budget . . . and what's more unexpected than a pipe line that fails way before its time. If it happens, the bills for repair and replacement, often charged at overtime rates, and the slow-down to production, can present quite a serious threat to operation.

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we believe that their attitude toward the United Nations Security Council has not ended the responsibility of that body which, under the Charter, has the "primary responsibility for the maintenance of international peace and security."

It should not, moreover, be carelessly assumed that peace and security are necessarily promoted merely by the non-Communist nations' indefinitely piling up one-sided concessions to the Communist nations.

A great danger in Asia is the fear of many non-Communist peoples that the United States has no intention of standing firmly behind them. Already that fear has mounted to the danger point. We accepted in Korea an armistice which the Chinese Communists boisterously misrepresented as a "victory" for them. We acquiesced in an Indo-China armistice which reflected the defeat of the French Union forces at Dienbienphu. We aided the Tachen evacuation. The reasons were compelling, nevertheless the result added a few square miles to the Communist domain.

If the non-Communist Asians ever come to feel that their Western allies are disposed to retreat whenever Communism threatens the peace, then the entire area could quickly become indefensible.

As the situation now exists, neither the cause of freedom, nor United States security, nor world peace and security would be promoted by undermining the faith of the free Asian peoples in our strength and in our willingness to use that strength to restrain those who violently menace liberty. The American people have, through the Congress, made their own resolution clear. That is a verdict which the Government accepts as sound and which it will soberly execute.

V

Let me now turn to Southeast Asia. In a few hours I shall be going to Bangkok to attend the first meeting of the Council created under the Manila Pact for the security of Southeast Asia.

We shall at Bangkok deal with the problem of organizing the Treaty Council. And also we shall begin to deal with the three substantive problems assigned to the Council, namely military security, security against subversion directed from without, and economic welfare. I obviously cannot here tonight anticipate what the decisions will be, but I am confident that our gathering will show the advantages of co-operation between the East and the West.

There are some Asians who retain a fear, derived from past colonial relationships, that close ties with the Western powers will lead to their being

(Continued on page 96)

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dominated by the Western powers. It is essential that that fear should be dispelled.

An important step in that direction has already been taken at Manila where we drew up the Treaty and where, on the inspiration of President Magsaysay, the eight powers there signed the Pacific Charter. By that Charter we dedicated ourselves to promoting self-government and to securing independence for all countries whose peoples desire it and are able to undertake its responsibilities. And also, we agreed to co-operate in the economic, social and cultural fields in order to promote higher living standards, economic progress and social well-being.

However, words alone are not enough. It is necessary to infuse these words with the breath of life. That, I hope, will be done at Bangkok. Those who gather there will met as equals. We shall, I think, find ways to diminish the risk of armed attack against the Treaty area and the danger of subversion from without. And also we shall begin to study economic problems. These, to be sure, are not capable of any dramatic and spectacular solution, but they do respond to steady, painstaking and sympathetic efforts.

The first task is to deal with fundamentals. And that we are ready to do, and already beginning to do, particularly in the realm of education. For example, a number of United States universities and colleges are co-operating with Asian institutions such as those in Thailand, the Philippines and Pakistan. Many United States technicians are serving in Asia in economic, educational and health tasks, and their number is being steadily increased. Our cooperation is already beginning to show results in better food and better health, and we are together taking the first steps to expand trade, to increase private investment and to raise standards of living.

In such ways, we can justify man's faith in freedom.

Then, indeed, there should be no cleavage between the Western and Asian nations. Our own concept of the nature of man had its beginning in Asia, where East and West met. We believe that all men are the creation and the concern of a universal God and that He has endowed every person with a right to develop in accordance with the dictates of his individual reason and conscience.

That religious faith, politically translated into the Magna Charta, the French Declaration of the Rights of Man, and our own Declaration of Independence,

(Continued on page 97)

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was, as Lincoln said of our Declaration, nothing exclusive but designed, he said, to provide "liberty, not alone to the people of this country, but hope for the world for all future time."

We also realize full well that, if human liberty is to be a reality, it must have an economic as well as a political foundation. The impoverished and the destitute cannot be truly free. So we recognize that economic values are essential to give reality to the moral and political values that we cherish.

Such a philosophy is something very different from that of Soviet Communism.

Soviet Communism denies the principle of human equality and instead substitutes the principle of class rule.

It denies that men are capable of self-government and substitutes the principle of dictatorship, the so-called dictatorship of the proletariat.

It denies nationalism, except as nationalism can be used as a slogan to drive a wedge between East and West and prepare the way for an absorption of the peoples by international Communism.

It preaches a new doctrine of segregation. The peoples of Asia, it is said, must be segregated from the peoples of the West. The new nations of Asia must be segregated from association with others.

The guile behind this is obvious. The Soviet and Chinese Communists know that their combined power can dominate the Eurasian continent. And if only the other nations of Europe and Asia can be made to stand alone, they will be unable to resist the iron embrace of international Communism.

A year ago at the Berlin Conference, Mr. Molotov denounced the North Atlantic Treaty Organization, and he proposed a European security system which would exclude the United States. And now, in the same way, the Soviet and Chinese Communists are denouncing the Manila Pact. Why? Because it may bring to Southeast Asia the strength needed to resist Communist aggression.

This Bangkok Conference to which we go will enable the free nations of the West and of the East to begin together a vital demonstration. They can show that, through association as sovereign equals, they can each help the other to independence, security and well-being.

That result accords with the high ideals with which our nation was founded. It is in keeping with what our people have sought throughout their history. So our delegation goes to Bangkok with confidence, because we know that our mission is sustained by national faith and national purpose.

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We've Been Asked:—

WHY CONGRESS WANTS PAY RAISE

- **Congress is considering its biggest pay raise in history.**
- **Idea is to bring pay into line with living costs, other federal pay scales.**
- **Some Congressmen fear political repercussions, no matter how the increase is justified.**

What's behind the drive for higher pay in Congress?

Congress hasn't had a raise since 1946. The cost of living has gone up 37 per cent since then. Other federal employes, those in the executive branch, have had three increases in the same period. Congressmen feel that it's time they got a boost, to meet higher living costs and restore "historical relationships" in federal pay rates.

Is the raise to be a big one?

On basis of present plans, it will be the biggest congressional pay raise in history. The House approved a $10,000-a-year increase. A Senate committee has proposed a hike of $7,500. Either plan would provide the biggest percentage increase since 1856 and the largest dollar rise on record.

What will a Congressman make, with the raise?

Present pay is $12,500 a year, plus a personal expense allowance of $2,500, for a total of $15,000. If Senate and House proposals are compromised as expected, total salary for a Senator or Representative will be about $24,000.

Do Congressmen pay taxes, like other people?

Yes, but they get one substantial tax break. In figuring federal income tax, they can deduct up to $3,000 a year for "living expenses." This is intended to offset the extra cost of living away from home while attending Congress sessions. Practical effect is to reduce federal income tax for a Congressman by about $780 a year, in a typical case—assuming a Congressman with a total income of $15,000; married, with two children, and taking standard deductions.

Do Congressmen get a lot of "hidden" expense money?

They get travel pay, at 20 cents a mile, for one round trip per year between Washington, D. C., and their permanent homes. In addition, each member of Con-

gress is allotted certain sums for clerical help, postage, stationery, long-distance telephone and telegraph service, etc.

Can a Congressman make money from such expense funds?

It's doubtful that anyone makes a "profit." Funds are handled by central disbursing offices at the Capitol, not by individual Congressmen. But many Congressmen spend more for office expenses than they get back.

One Congressman, for example, states that he is allowed money for about one telephone call and one telegram a day, to serve a district of 500,000 people. His office actually makes about six calls, and sends more than six telegrams a day, on the average, to handle emergency pleas alone from constituents.

Does the average Congressman lose money at the present pay of $15,000 a year?

Most Congressmen find it difficult to live on the pay they get from the Government, and quite a few report substantial losses, which they have to make up from outside income. That's the effect of election-campaign costs, high living expenses in Washington, other costs associated with being a Congressman, such as extra-heavy charitable contributions.

Can a Congressman put his wife, or son, on his office pay roll and thus expand his total family income?

Yes, if he has a wife or other relative available for the job. Some Congressmen do employ members of their families. They have the same legal status as any other employe of Congress.

Can a Congressman have an outside job?

There's nothing to prohibit it. Some Congressmen have insurance or real estate businesses, others retain membership in law firms and participate in the firms' earnings while remaining in Congress. Many Congressmen deliver speeches for fees, or write books or magazine articles. Many have incomes from investments.

Do Congressmen get pensions?

Yes. A pension system was instituted in 1946. It was liberalized a bit in 1954. It is a contributory plan. A Congressman who pays in $900 a year assures himself of the minimum pension of $2,250 a year, when he reaches age 62, if he serves at least six years in Congress. Longer service brings a much higher pension.

Will anybody besides members of Congress benefit from the proposed pay raise?

Yes. The pay proposals include pay raises for Justices of the Supreme Court, federal judges, U. S. attorneys and assistant U. S. attorneys.

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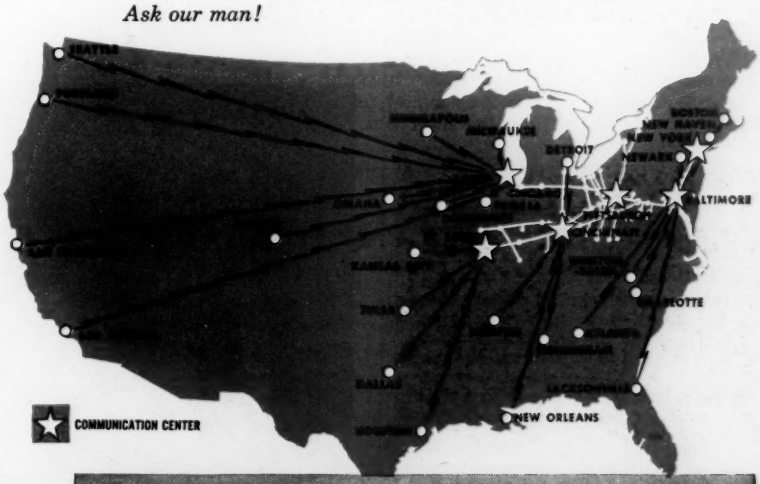

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Key No. 3—We permit our fermenting tubs to ripen at the slow, natural sour mash pace to develop the full flavor of authentic Kentucky bourbon at its old-fashioned best.

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Bonded 100 Proof Original Sour Mash Kentucky Straight Bourbon

Annual-Pay Plans: What Auto Workers May Get

The auto industry, in the view of insiders, is far from ready to give Walter Reuther all he wants in an annual wage.

But there is talk of a compromise that may satisfy both sides. Formulas are in the wind. It's possible that a modified guarantee may be worked out that will pay some workers during layoffs.

Even so, Detroit is nervous over chances of a strike.

DETROIT

A showdown that the business world has avoided for several years—and hoped to put off indefinitely—seems to be fast approaching in the auto industry. This showdown, when it comes, will be over the so-called guaranteed annual wage.

Officially, the auto companies are not tipping their hands on what they intend to do about the union demand for the annual wage. But, behind the scenes, the major firms are preparing for a crisis that is due to come to a head about June 1.

A look behind the scenes indicates the following situation:

- The CIO United Auto Workers, in demanding an annual wage, really is asking for a guarantee of year-round employment for workers with two years or more of service. If a worker is laid off, he is to collect just about his regular wages for up to 52 weeks. Part would come from the State unemployment-insurance program, the rest from the employer.
- Such a guarantee is viewed by industry spokesmen as almost a sure way to bankrupt the auto companies in a depression year. One company has checked back over the last seven years and found that the UAW plan, if in effect then, would have cost from 5 million to 350 million dollars a year, depending on the volume of layoffs in each year.
- Auto executives, reported as opposed to accepting any guarantee of that kind, say the UAW program will have to be modified considerably before it stands a chance of being accepted. One official predicts that any compromise that may be negotiated will bear no resemblance to the present UAW proposal.
- The UAW, on the other hand, insists that it will go through a long strike, if necessary, to get the annual wage.
- A compromise, in the end, is expected. Some in the industry believe that such a compromise can be worked out prior to a strike, that the UAW

(Continued on page 102)

—Harris & Ewing

WALTER REUTHER OF CIO

—Dorman H. Smith, NEA Service, Inc.

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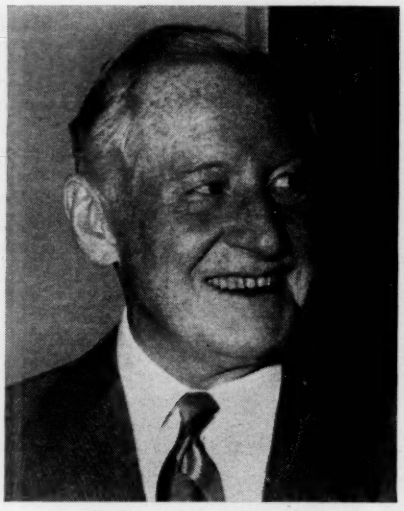
. . . Door is not shut on yearly-wage compromise

leaders will accept much less than they now seek. Others say that Walter P. Reuther, UAW president, never before has made such definite promises to his members that he will win a particular goal. It is reasoned that he will have trouble backing off without a strike.

Possible formulas. So far, the auto industry isn't talking publicly about possible compromises. Auto companies feel that they are fighting for other industries, as well as their own; that if the auto industry gives in on this question, unions will demand the annual wage elsewhere.

Industry leaders, therefore, aren't making any statements to indicate that



HARLOW H. CURTICE
. . . keeping mum

they will grant the union's demand, but, at the same time, some in the industry indicate privately that they are not shutting the door on possible compromises.

The showdown is to involve either General Motors or Ford, whose contracts expire first. There are indications that the union has selected Ford as the No. 1 target for a strike, hoping that president Henry Ford II will come up with a compromise offer. However, Mr. Ford and GM president Harlow H. Curtice refuse to disclose their stand on the issue prior to negotiations.

One formula reportedly being discussed in the industry is a plan to guarantee some minimum amount of work to all employes with at least 10 years of service. Or this guarantee might be applied to five-year men.

(Continued on page 103)

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. . . Benefits likely to be far short of usual pay

Another possibility being discussed is a guarantee of 40 hours' wages for any week in which the employe is called to work. That is, if a company does not give advance notice of a layoff, it would need to work the force for a full week, or give a week's wages. By announcing a layoff during the previous week, the company could avoid this expense.

The industry, some believe, might compromise on a modified annual guarantee. For example, a company might promise to put into a trust fund 5 cents an hour for each hour worked, or possibly more. The trust fund then would pay out benefits to workers who are laid off, to supplement unemployment checks from the State. Once the trust fund is exhausted, payments would end. The company's liability would be restricted to the trust fund.

—United Press

HENRY FORD II
. . . the first showdown?

As part of a compromise, it is suggested, the union might agree to delay payments out of the fund for a year or two, to build up a surplus. Benefits to be paid, in any event, are likely to fall far short of regular pay.

Will UAW strike? Despite unofficial comments on possible formulas, many officials in the industry reportedly are holding out against making any concessions on the annual-wage issue.

These officials point out that the UAW and other unions started with limited plans on pensions, only to demand higher and still higher benefits in the few years these plans have been in existence.

(Continued on page 104)

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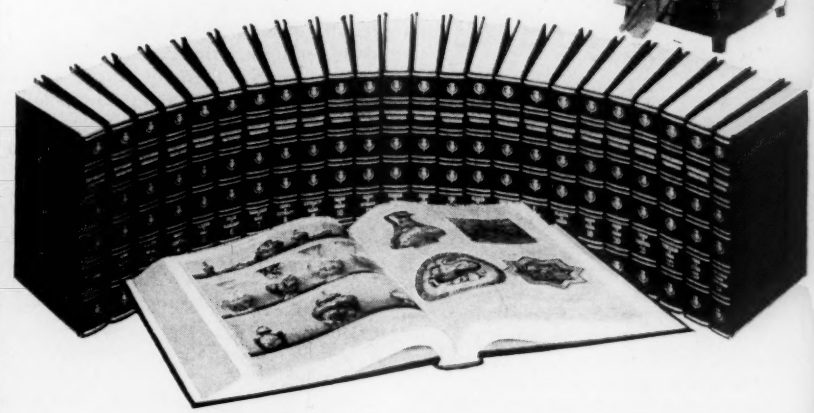

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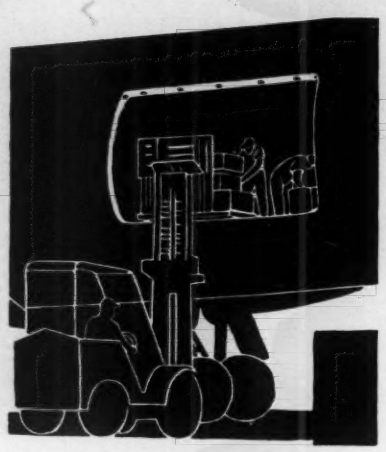

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. . . Strike could come if concessions are not made

This sort of thing will be repeated, the officials argue, if unions get a foothold on the annual wage. This year's settlement may call for a limit of 5 cents an hour for a trust fund, the argument goes, but, once started, payments can be forced up in later years.

If these officials have their way, the companies will reject the UAW demand. The theory of this group is that Mr. Reuther will not call a strike on the annual-wage issue, but will compromise on a straight-wage increase and fringe benefits that are less costly than the guaranteed wage.

Others in the industry, however, predict that the union will go out on strike unless some concession is given. One official declares that Mr. Reuther never before "has gotten out on such a limb" as he has on this issue, that he cannot afford to settle without a face saver of some sort.

UAW leaders say they will strike if necessary to win the annual wage. They are asking union members to approve a plan for higher dues to build up a strike fund of 25 million dollars. The union is expected to strike only one auto company at a time, to add to the pressure for a settlement.

There is a general feeling in the industry that, somehow, a strike will be averted, although neither side is ready to admit that it will back down an inch on its position.

Problems for the UAW. When it comes to compromises, Mr. Reuther is likely to have troubles with his own members, according to some industry sources.

Younger workers, it is said, would not like to see the guarantee go only to the older workers. The newer employes are laid off first when reductions are made, and they are last to be recalled as production resumes. They would not be anxious to go on strike to win something that would not help them for years to come.

The older workers, on the other hand, are expected to object to any plan that puts only a limited amount into a trust fund and still allows the newer employes to collect the benefits. In such a case, all of the money might be drained out of the fund before the older employes are laid off.

To avoid such complaints, Mr. Reuther proposes that employers pay part of the unemployment benefits out of current income. If layoffs become too widespread, under his proposal, the employer would dip into the reserve fund, to which he has been contributing a fixed amount for each hour worked. Mr. Reuther then promises that payments out of the reserve

(Continued on page 105)

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. . . Pay guarantee is not at issue in steel industry

fund would be handled so that something would be left for the older workers.

The reserve fund is the union's answer to complaints of employers that the plan would put them into bankruptcy if the industry shut down for any length of time.

In any event, the UAW proposes that the company payments to idle workers would be added to what they get from State unemployment funds. These funds are financed by a tax on employers.

Steel's role. Another problem that may face Mr. Reuther, when his showdown comes, is the situation in steel. The contracts of the CIO Steelworkers run until June 30, 1956. The contracts do not permit a strike this year over the annual wage, although the union could strike for a general pay raise if it is not granted by June 30.

Thus, Mr. Reuther might find that the Steelworkers negotiated a pay raise in that key industry while he was on strike or threatening to strike for an issue such as the annual wage. His members, in some cases, might object to going on a long strike for an issue of that kind when they could settle for cash.

Unions Raising Pension Sights

A new drive by unions for larger pensions seems to be getting under way. Talk now is being translated into formal demands by one CIO union—the Communication Workers—as this union prepares for 1955 bargaining with the telephone industry. These demands may provide clues as to what unions in other industries will be asking.

A minimum pension of $100 a month on top of Social Security benefits is being requested by the telephone union. The Bell System companies now have a plan that provides a minimum pension of $100 a month for those retiring at 65, including half of an employe's Social Security check. Thus, a retired worker receiving $60 from Social Security gets $70 more from the company.

Other unions are likely to ask employers to boost pensions, and make the payment exclusive of Social Security.

Other demands by the telephone union include: a general pay raise of unspecified amount; a minimum starting rate of $1.25 an hour; a company-paid insurance plan to provide health and surgical benefits; a shorter work week for operators.

The union says that it bargains for more than 300,000 workers.

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But as a general rule, we'll try to find out a little more about our new customer first, a little more about where the money comes from.

Not how he got it—but whether he can afford to invest it.

For instance: About how much is he able to save each month?

For instance: How much of a cushion will this purchase leave him?

For instance: Is the stock he wants to buy really suited to his particular situation?

Now, maybe you think those questions are none of our business—but we think they are!

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What you as a businessman ☑ CAN and ☒ CANNOT do as a result of federal court and administrative decisions:

☑ **PLANT ELECTION.** You can make a pre-election speech to your employes 25 hours before the balloting starts without violating the Taft-Hartley Act. The National Labor Relations Board refuses to extend its ban on company-time speeches within 24 hours of an election to include a talk to employes made an hour and a half before the 24-hour period started.

* * *

☑ **DEFENSE CONTRACTS.** You can, as a Government contractor, find out from your contracting officer whether you can have access to classified defense information. The Secretary of Defense approves a regulation, effective April 2, governing operation of a new centralized security-review program for contractors and their employes.

* * *

☑ **HURRICANE LOSSES.** You can find out from your tax collector whether you are entitled to an income tax deduction for your property losses in a 1954 hurricane. The Internal Revenue Service issues a statement on determining such losses. It's called "Hurricane Losses and the Income Tax."

* * *

☑ **COST-PLUS CONTRACT.** You can probably get reimbursed by the Government under a cost-plus-fixed-fee contract for part of the directors' fees paid by your firm. The General Accounting Office allows the Navy to repay a contractor for the pro rata part of such fees allocable to a Navy contract.

* * *

☑ **EXPORT CONTROLS.** You can deal with a field office of the Department of Commerce in seeking an extension or amendment of a license to export aluminum scrap. This is authorized by the Bureau of Foreign Commerce.

* * *

☑ **SMALL BUSINESS.** You can now get, in one volume, 31 management-aid leaflets issued by the Small Business Administration for guidance of small business firms. Copies of "Management Aids for Small Business—Annual No. 1" may be bought for 65 cents each from the Government Printing Office, Washington 25, D.C.

* * *

☑ **TRUCK HAULING.** You can wait till next year to comply with a Government order that all interstate contracts, leases or other arrangements involving trucks must be for at least 30 days. The Interstate Commerce Commission postponed until March 1, 1956, the effective date for this order. A hearing on the regulation is scheduled by ICC on April 7.

* * *

☑ **COLLECTIVE BARGAINING.** You can, without violating the Taft-Hartley law, refuse to yield to a union demand for arbitration of grievances. A court of appeals holds an employer did not bargain in bad faith when he said at the outset of negotiations that he would not accept arbitration and stuck to this.

* * *

☒ **MANUFACTURERS' TAX.** You cannot, as a manufacturer of appliances, avoid paying an excise tax on a warranty charge collected from all your customers. The Supreme Court leaves in effect a decision of the Court of Claims that a manufacturer of refrigerators must pay this tax on such warranty charges; the manufacturer can deduct service costs.

* * *

☒ **UNFAIR LABOR PRACTICE.** You cannot safely tell your employes just before a plant election that you do not feel bound to include in any contract negotiated with a union the present benefits of your workers. This, NLRB finds, amounts to a threat in violation of the Taft-Hartley Act.

* * *

☒ **IRON-STEEL EXPORTS.** You cannot export iron or steel scrap without filing with the U. S. Bureau of Customs an extra copy of your shipper's export declaration. This is ordered by the Commerce Department.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government Bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

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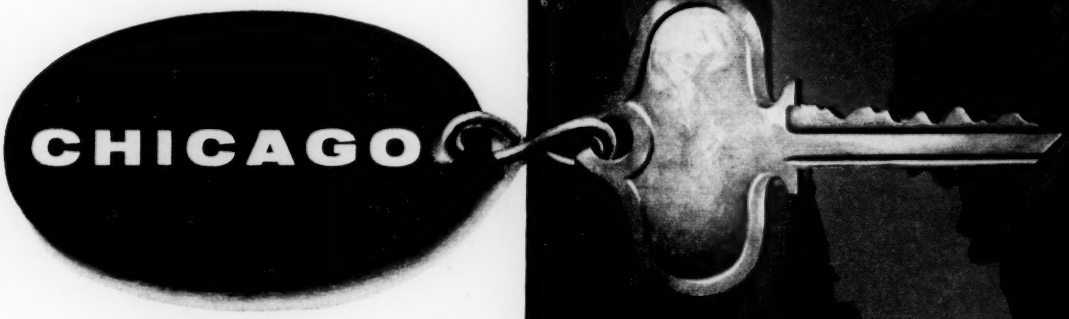

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RICHARD B. KAHLE
PRESIDENT

March 16, 1954

Mr. George R. Brown
Executive Vice President
Brown & Root, Inc.
P. O. Box 3
Houston 1, Texas

Dear Mr. Brown:

The rehabilitation of our alkylation unit and its conversion from hydrofluoric to sulfuric catalyst type was completed by your people last month and put into immediate operation. The work was finished in a hundred and one working days from the date you were given the contract.

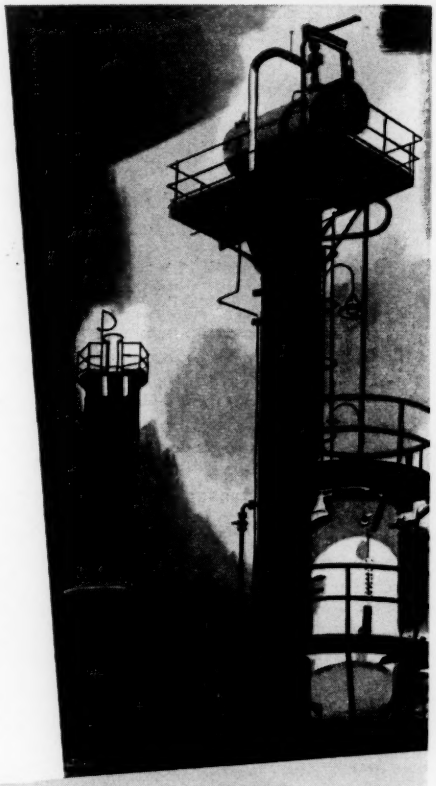
This work, I believe, sets a record in two cases: first, in time of completion; and, second, in the fact that the plant started up immediately on completion, was gradually brought up to capacity, is running at more than designed capacity, is running at full designed specifications and has required no substantial change of the equipment as completed.

As I told you shortly after this job began, it was of great importance for us to finish it promptly and have it in operation at full capacity immediately upon completion. You personally stated that you would do everything you could to expedite the completion and that it would be a good job. You have certainly complied in both instances.

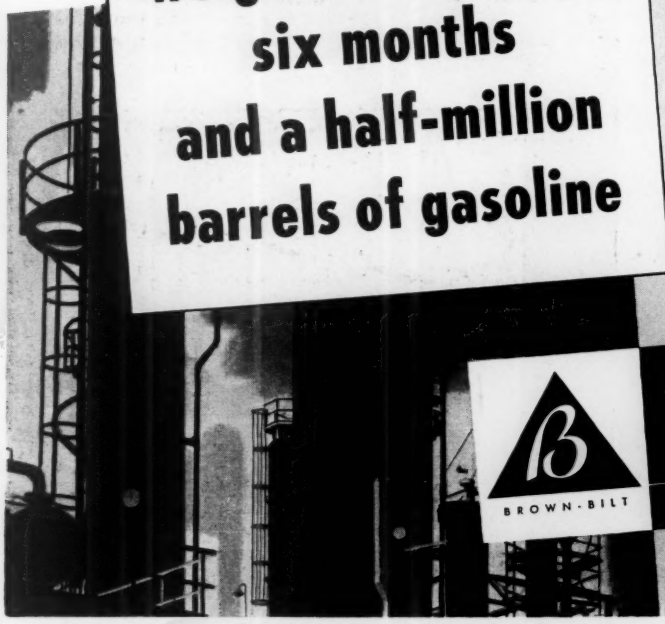
I want to thank you personally, and for my associates in the company, on the job you did for us and I wish you would convey to your associates who worked on this construction, our grateful appreciation and thanks.

Sincerely yours,

R. B. Kahle



we gave them back six months and a half-million barrels of gasoline



The new Eastern States Petroleum Company's aviation gasoline refining unit chalked up another rapid completion for Brown & Root. The plant was finished in the record time of 101 working days . . . cutting more than six months off normal construction time.

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PLUS & MINUS
Latest Indicators of Business Activity

The business advance is spreading through industry, although it still is powered chiefly by autos and steel. Increased activity is indicated by reports on production, construction, freight movement, bank loans, packaging materials, trade and other economic indicators.

Industrial production rose moderately in January for the fifth successive month and is pushing higher in February. At 131 per cent of the 1947-49 average, January output was 6.5 per cent above the summer low and within 4.4 per cent of the July, 1953, high.

The general improvement in production is illustrated by increases from the low points of 1954. Auto production is up sharply and steel output is 40 per cent higher. But other gains are substantial, too: household durable goods, 25 per cent; rubber products, 23 per cent; electrical machinery, 15 per cent; textiles, 13 per cent; petroleum products, 11 per cent; leather, 10 per cent; chemicals, 9 per cent.

Gains in the building-material, paper, printing and food industries are small because output in these groups stayed at or near postwar highs.

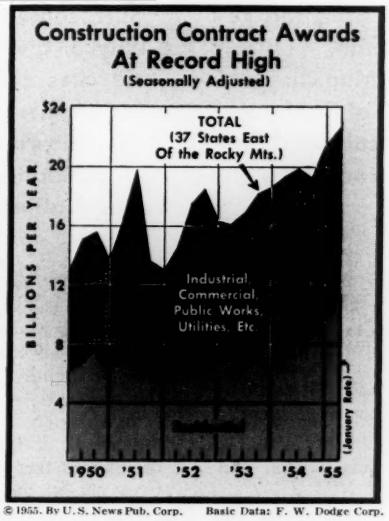
Auto production of 167,095 in the second week of February was an all-time high. Further gains are indicated.

Steel mills operated at 88.2 per cent of capacity in the third week of February. This was the highest since November, 1953. Output of 2,129,000 tons was within 1 per cent of the weekly average in the record year 1953.

Steel exports, running 20 per cent above a year ago, are giving an added boost to activity in the industry.

Freight carloadings through seven weeks of this year were 3 per cent above the same period last year. Before December they had run behind since October, 1953.

Rail-equipment producers report the improvement in carloadings has brought them increased orders.



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Paperboard mills this year are operating at 92 per cent of capacity compared with 89 per cent in the same period last year. Use of the packaging material is one clue to business activity. New and unfilled orders in the first week of February were the largest since November, 1953.

Bank loans of weekly reporting member banks show clearly the upward pressure of business. In the after-Christmas period, industry normally pays off loans, but the reduction through February 9 this year was only 390 millions, compared with 824 millions in the same period of 1954.

Biggest changes are in loan demands of metal products, the petroleum-chemical-coal-rubber group and sales-finance firms. Together, these concerns borrowed 60 millions net in six weeks this year in contrast to paying off 416 millions net last year.

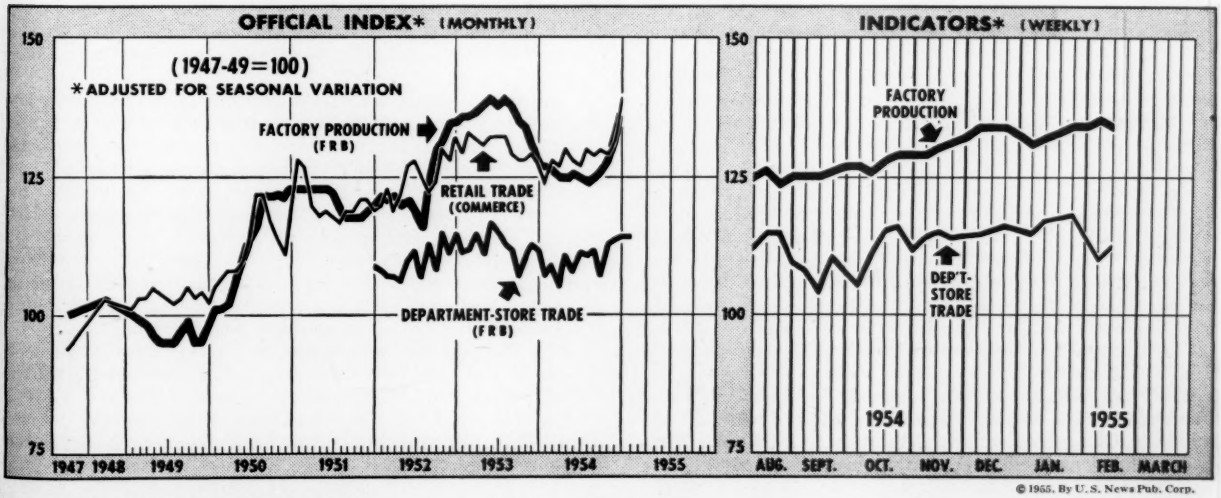
Construction-contract awards and housing starts signal further strength in building activity, already at a record high. Contract awards, as shown in the top chart, are at a record for the season. In January, an annual rate of 22.7 billions in 37 States east of the Rocky Mountains was one third higher than a year earlier and nearly 15 per cent above the 1954 average.

Residential awards, at a rate of 11.4 billions, were up 49 per cent from January 1954 and 34 per cent from the 1954 average.

Housing starts of 88,000 in January were a record for that month. The annual rate, considering the season, exceeded 1.4 million units, a rate above the record total of 1950. Starts this year are officially expected to add up to 1.3 million units.

Home-loan applications by veterans in January exceeded 50,000 for the sixth successive month. The six-month total of 335,736 was double the number a year earlier.

The wider extent of the business expansion in recent weeks should increase the rise in employment and incomes which is already under way.



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Senator Knowland Warns:

BEWARE ANOTHER MUNICH

"Giveaway" Conference Feared—Reappraisal of U. N. Asked

Now comes a new warning from the Republican Leader of the U. S. Senate:

Take no chances on another Munich.

Senator William F. Knowland, of California, sees that danger in Allied proposals for a conference to seek a cease-fire in the battle for disputed islands off China.

Such conferences, the Senator asserts, have a way of giving aggressors what they want.

He cites conferences of the past to show what happens—Munich, Yalta, Geneva.

Mr. Knowland calls for a reappraisal of the U. S. position—in dealings with allies, with the United Nations, and with Communist nations.

Following is full text of an address by William F. Knowland, Republican Leader of the U. S. Senate, before the Western States Meat Packers Association in San Francisco on Feb. 18, 1955:

Ten years ago two conferences of far-reaching significance took place. The first was Yalta, held from February 4 to 11, 1945. Its locale was the Crimean Peninsula within the Soviet Union.

Three great powers were represented. These were the United States of America, Great Britain and the Soviet Union.

The second one was the United Nations Conference, held in San Francisco from April 25 to June 26, 1945. At that time, 50 nations signed the Charter, and since then 10 additional nations have done so, bringing the total membership to 60.

In that same 10-year period of time to which I have referred, international Communism has increased its power, its area and its population. Ten years ago at this time there were less than 200 million people behind the Communist Iron Curtain. Today over 800 million people live under the most ruthless, godless tyranny the world has ever known.

The world balance of power has been so upset that no prudent person can ignore the realities of the situation. Not only the future of this republic but the hope for a free world of free men largely depends upon the policies that we follow and the firmness with which we and the free nations deal with future Communist aggression or threat of aggression.

Recognizing the adherent danger in further Communist conquest, the Government of the United States has undertaken a series of commitments under the North Atlantic Alliance, The ANZUS (Australia, New Zealand, United States) Mutual Defense Pact and mutual-defense pacts with the Republic of the Philippines, the Republic of Korea, Japan, Southeast Asia and the Republic of China.

The last two treaties were overwhelmingly ratified by the Senate this month.

The Manila Pact covering Southeast Asia was ratified on February 1 by a vote of 82 to 1 and the one with the Republic of China on February 9 by a vote of 64 to 6. These two ratifications were preceded by congressional action in support of the joint resolution recommended by the President authorizing him to use the armed forces of the United States in defense of Formosa, the Pescadores and additional areas now in friendly hands that might be deemed important for the proper defense of the main bastion of Formosa.

In a display of national unity that should have encouraged our friends abroad, given courage to the neutrals and opened the eyes of the would-be aggressor, the House of Representatives passed the resolution by a vote of 409 to 3 and the Senate by a vote of 85 to 3.

This action had no sooner been taken and the two treaties ratified than diplomatic moves started on the part of certain Asian and European powers to bend the line of defense in the Pacific and lay the groundwork for a conference which would have all the unfortunate results of a Munich, a Yalta or a Geneva wherein the aggressor gains his objectives at the conference table.

Unfortunately, the history of these conferences has been that it is always the free world that gives up territory and surrenders human beings to the control of the Communists. It is never the other way around, wherein the enslaved people gain their freedom.

It becomes pertinent, therefore, to examine the various proposals that have been made and what their implications are.

In order to deal with these matters, however, let us first examine the Yalta Conference and the significance it had in the events which followed. At Yalta without the knowledge or consent of the American people or the American Congress, an agreement was entered into which on its face violated the Atlantic Charter declaration and was fatally damaging to our friend and ally, the Republic of China.

Years later in testimony, Alger Hiss, who had been one of the members of the American delegation, stated: "It is an accurate and not immodest statement to say that I helped formulate the Yalta Agreement to some extent."

1. The Agreement undercut the free Polish Government-in-exile and resulted in solidifying the power of the Lublin Communist Polish Government.

2. It carved out of Poland a slice of territory and gave the blessing of Great Britain and the United States to this territorial addition to the Soviet Union.

3. It provided for the use of German labor in the Soviet Union, and under Kremlin practices this is closely akin to slave labor.

4. It laid the foundation for the turning over of large numbers of non-Communist Russians to the Soviet Union. Vast numbers of these were executed or sent to slave-labor camps in Siberia.

5. It provided that certain areas within the Republic of China should be turned over to the Soviet Union as part of a deal to bring them into the Japanese war, though they had twice before promised to come in prior to the Crimean Conference. These included the ports of Dairen and Port Arthur; gave the Soviet Union its former economic rights in the Chinese Eastern Railroad and the South Manchurian Railroad; guaranteed the *status quo* in Outer Mongolia (the Mongolian People's Republic) and pledged that President Roosevelt "will take measures to obtain this concurrence on advice from Marshal Stalin." It did this without the knowledge or consent of the Government of the Republic of China or its President, Chiang Kai-shek. It further pledged: "The heads of the three great powers have agreed that these claims of the Soviet Union shall be unquestionably fulfilled after Japan has been defeated."

With sort of a grim humor the Yalta Agreement protocol regarding the Far East concluded by stating: "For its part the Soviet Union expresses its readiness to conclude with the Nationalist Government of China a pact of friendship and alliance."

It was not until many months later that either the Government of China or the Congress of the United States found out the terms of this Agreement. The foundation laid by this Agreement has contributed greatly to the loss of freedom in Eastern Europe and in China.

Under the terms of the Yalta Agreement the Soviet Union did come into the war against Japan. They came in five days before the Japanese surrendered, and occupied Manchuria and North Korea. In North Korea they promptly laid the groundwork for a divided country and the ultimate events leading to the outbreak of the Korean war, which was precipitated by their satellite, the North Korean Communist Government.

In China, despite the Soviet pledges regarding its dealings with the Republic of China, the Soviet Union proceeded to arm and equip the Chinese Communists under the leadership of Chou En-lai and Mao Tse-tung by allowing them to take over the stocks of captured Japanese equipment estimated to have been sufficient to arm and equip 1 million men for five years.

While much more could be said, the sorry story of Yalta gives a clear understanding of why the Communist world wants to get us involved in another conference through which they can gain their objectives.

Now let us turn to the San Francisco United Nations Conference of 10 years ago.

World War II had not yet terminated. The people of the world did not know that we were on the threshold of the atomic age, though those high in Government had reason to believe a vast new power that ultimately could be used for destructive or constructive purposes was soon to be unveiled.

Hopes were high everywhere that the Soviet Union, though a dictatorship, had learned the folly of aggression and of war, and because of the vast help given by the free world to them they would be willing to help establish a system of international law and order to preserve the peace of the world for ourselves and our children.

Unfortunately, both during the San Francisco Conference and in the 10 years that have followed, a vast propaganda effort has taken place to build the United Nations into something which its Charter provisions could not and did not permit it to become. In the United Nations different people envisioned different things.

Some envisioned it as a mighty force of collective security that would rally most of the nations of the world to resist aggression and preserve the peace. In moments of oratorical fancy, some even suggested that the fact the United Nations was in being would warrant free nations to scrap most of their armed forces and place their reliance upon the "police power" of the United Nations and the collective moral persuasion of that organization. On June 25, 1950, this concept was shattered shortly after it appeared to be confirmed.

When the Communist forces crossed the 38th parallel, the United Nations Security Council promptly acted, and first called upon the Communist aggressor to cease the aggression. The Communists, of course, promptly showed they were not impressed by a United Nations resolution or the adverse moral reaction of the organization. The Security Council next called on the 60 members of that organization to give aid and support to the victim of the aggression, the Republic of Korea.

What is the record on this? After three years of the Korean war, of the 60 member nations of the United Nations only 17 contributed a single soldier, sailor or airman to the resistance of aggression. Outside of the United States of America the other 16 contributed armed forces in the amount of 45,000. The United States of America alone contributed more than 450,000, and we rotated more than 1 million men through the Korean theater of war. The little Republic of Korea, which was the victim of the aggression itself, supplied over 600,000.

This means that of the United Nations members, the United States of America supplied more than 90 per cent of the manpower and better than 90 per cent of the resources.

When the forces of the Republic of Korea, not being a member of the United Nations (having been kept out by a Soviet veto) are added to those of the United States, it means that our two nations alone supplied better than 95 per cent of the manpower.

Does this indicate that the United Nations is an effective instrument of collective security? The answer must come back in the negative.

With that example, are you prepared to risk the future of our nation and the safety of our people upon the collective ability of the United Nations to function in the event of aggression? The answer likewise must be in the negative. Has the time not come for a realistic reappraisal of just what part the United Nations is qualified to play, and to stop kidding ourselves into believing it is something it is not and, in my judgment, cannot be.

There are some who have envisioned the United Nations as a world state to which, openly or clandestinely, individual nations would surrender their sovereignty. Some of the more enthusiastic proponents of this type of a superstate compared the San Francisco meeting with that of our own Constitutional Convention at Philadelphia. Of course, the two gatherings are not comparable for the building of a government upon which man might depend for the protection of his life, his liberty, his economic and his intellectual freedom.

In the first place, those who met at Philadelphia spoke a common language and had a common heritage. True, they had come from different areas of the world, but they or their predecessors had come seeking a new way of life, freedom from Old World tyranny or a desire to worship God according to the dictates of their own consciences.

They had fought a common battle against the mightiest empire of that time. They had carried over from the old country the background of the Magna Charta and of representative government. They had had experience, some of it not too satisfactory, under the Articles of Confederation, and with that background, under what I believe was divine inspir-

ation, drafted the greatest document drafted by the mind and hand of man for his self-government and protection of his rights.

A little more realistic understanding of the history of the nations who gathered in San Francisco should have made it clear that that organization could not be and should not be considered a basis for world government.

There is no common language or common heritage. Nations which have had no experience with representative constitutional government sit on equal terms with those that have had long experience. The Soviet Union, which is perhaps the most tyrannical government since Western civilization entered the modern era, sits as an equal partner with nations with long-established constitutions of law, order and the respect of the rights of man. Now there are those who urge the admission of Communist China, which was the aggressor in the Korean war. This, together with the other Communist states, would give that system of tyranny over 800 million people, that they claim to speak for.

As for me, as long as I have a voice or a vote in the Senate of the United States, I shall never consent to permitting the guarantees of freedom under our Constitution being diluted or modified directly or indirectly by any organization having nations in powerful policy positions which have no appreciation of or respect for free institutions.

Lest we be gradually edged into such a world order before we learn too late wherein we have been taken, I believe that every candidate for public office, executive, legislative or judicial, should be asked to give a forthright view upon this great public issue.

The United Nations, if it does not destroy its moral position by actions which I shall mention, does have a function it could perform. It could be a forum wherein the views of the free world and the Communist world might be aired to the benefit of the people of the world, provided that there was assurance the debates in the General Assembly or the Security Council were receiving as widespread coverage behind the Iron Curtain as they do in the free nations of the world. Otherwise, it becomes a vast propaganda forum for the Communist world wherein the point of view of the West does not have the equal opportunity to get to the people in the Soviet Union and its satellites because of the strict censorship those governments exercise.

Even in regard to its position of moral leadership, the United Nations has allowed itself to become seriously compromised.

Following the intervention of Communist China in the Korean war, the United Nations, after great hesitation, declared Communist China the aggressor. There had been no such hesitation when the small aggressor, Communist Korea, crossed the 38th parallel in June, 1950. To close observers this seemed to indicate that there would be alacrity to pass a resolution and to act against a small aggressor, but there would be procrastination and delay in acting against a large aggressor. This seemed to be an abandonment of principle for expediency.

Later, the evidence was conclusive that the Soviet Union was not only giving moral support to Communist aggression in Korea but was supplying MIG planes, tanks, artillery, ammunition and other weapons in equal violation of the U. N. resolution and the Charter of the organization. No steps were taken to expel the Soviet Union from the United Nations.

Later on, the official representative of the Soviet Union baldly and boldly admitted the fact that such support had been given, and in effect defied the U. N. to do anything about it. They did nothing.

Every member of the United Nations knows that the terms of the Korean armistice have been violated on numerous occasions. The Neutral Nations' Commission is not allowed to function in Communist North Korea as it was intended, although they have complete freedom in the area of the free Republic of Korea. In violation of the terms of the armistice, the Communists have brought in equipment and built military airfields.

The most flagrant violation has been the admitted holding of 15 members of the American Air Force, 11 of whom have been sentenced to prison terms of four to 10 years. Under terms of the armistice it was required that all prisoners of war who wanted to be returned should be allowed to do so.

There is strong reason to believe that there are at least several hundred additional U. N. and U. S. prisoners of war being held in violation of the terms of the armistice.

The United Nations passed a resolution expressing its concern in this matter. The Secretary General, Mr. Hammarskjold, made a special trip to Peiping. He returned without the release of the prisoners and without any date on which they might be expected to be returned in the future. It is apparent that they are being held for the purposes of international blackmail on the part of Communist China.

Impotent and paralyzed, the U. N. Security Council and General Assembly have taken no effective steps in enforcing compliance in accordance with terms of the Korean armistice.

In the matter of Communist China's aggression against the Republic of China, which is a charter member of the U. N., that organization invited Communist China to come to New York to discuss a cease-fire.

Arrogantly, the Chinese Communists laid down terms that a victor would be expected to lay down to the vanquished—namely, that the Republic of China should be removed from the Security Council and the Soviet Union resolution condemning the U. S. should be made the order of business rather than the New Zealand resolution relative to cease-fire.

When this message was received the U. N. again demonstrated its ineffectiveness by postponing the whole situation while some of the neutralist friends of the Soviet Union and Red China are trying through diplomatic channels to provide for a Far East Munich, whereby the Chinese Communists will be given the key to the coastal islands of Quemoy and Matsu. This, of course, would be another defeat for the free world, and throughout all of Asia looked upon as another victory for the Communists, comparable to that growing out of the Geneva Conference, where the Communists gained control of North Vietnam or 15 million more human beings.

These are not pleasant facts, and there are many in this country and elsewhere who, because of the vast amount of publicity and propaganda, have gotten a distorted view of the capabilities of the United Nations organization.

Certainly, in this day and age of the airplane and the atomic weapon, a nation can no more return to isolationism than an adult can return to childhood.

It is important that, in serving a system of effective collective security, and to demonstrate to the Communist world that there will be no further threats or abandonment of free people into Communist hands, this nation will live up to all of its treaty obligations, and we have the right to expect that our allies will do likewise. I have a deep conviction that the American people and those throughout the free world who understand the dangers facing us will never again pay the price of another Yalta ~~or another Geneva~~ in order to buy a temporary respite from the insatiable appetite of the international Communists to destroy human freedom.

4 BILLION DOLLARS' WORTH OF PAPERWORK

A new study of red tape in Government shows how it is growing—and how the same problem is showing up in business.

Red tape, which is paperwork in all its many guises, costs the U. S. Government billions of dollars every year. It adds to your tax bill, makes the Government less efficient.

Paperwork spews out of Government offices at the rate of 25 billion reports, forms, letters and notices every 12 months. Laid end to end, one year's output of federal papers would reach to the moon 13 times.

What to do about it, how to enforce some "birth control" on useless papers, is outlined in the following report, just released by a task force of the Hoover Commission.

Following are excerpts from the "Report on Paperwork Management" prepared by a task force of the Commission on Organization of the Executive Branch of the Government and released Feb. 21, 1955:

Scope of the Study

How much are the taxpayers of this country spending for paperwork in the Federal Government? More than $4 billion a year. The average family of four is paying in taxes each year more than $100 for Government paperwork. Four billion dollars exceeds by five times the total national budget in 1912 when the Taft Commission surveyed the ordinary business processes of the Government.* The more comprehensive analysis by the Task Force on Paperwork Management of the present Hoover Commission is the first of its kind undertaken in Government or industry.

One-quarter of a billion dollars can be cut from Government paperwork costs. At the same time Federal operations and services to the people can be greatly improved.

Billions are spent in creating and handling some 25 billion pieces of paper each year. These include letters, forms, reports, and notices. Lay them end to end and they would stretch from the earth to the moon 13 times. The need for some form of "birth control" on their creation is obvious.

The Records Management Task Force of the first Hoover Commission stressed limited problems such as records retention, disposal, and storage. This task force, on the other hand, has attempted to cover most major divisions of the paperwork problem.

This report covers only Government paperwork. A second report to be submitted in April 1955 will cover industry paperwork called for by Government regulations.

The $4 billion worth of Government paperwork expense falls into four areas:

Paperworkers

The Federal payroll includes over three-quarters of a million full-time paperworkers. This figure assumes that less than 7 percent of our total military force are handling papers full time. Total salaries range from three and a quarter to three and a half billion dollars.* This is more people than we have in each of 13 different States of the Union or employed by the entire Bell System. If the part time of executive, scientific, shop and military workers were added, the total would run as high as $6 billion. For example, a Government electronics engineer recently stated that over 40 percent of his time goes to paperwork—filling out detailed reports, keeping his files in order, and similar tasks.

Space

Office space, equal to 36 Empire State Buildings, for full-time paperworkers has an annual rental value of $180 million. Space equal to 7 Pentagons for 24 million cubic feet of records, costs more than $40 million annually.

Office Equipment

The Government's $250 million worth of small business machines (typewriters, adding machines, calculators, etc.) require replacements costing $20 million each year. Rental of tabulating equipment exceeds $36 million annually. Data-processing equipment is now entering the picture with some individual machines costing upwards of a million dollars. Printing and duplicating machines inventory amounts to tens of millions of dollars. The Government's filing cabinets are valued at some $100 million. It costs approximately $115 to equip every new typist with desk and chair. In total, the cost of office equipment in Government runs into several hundreds of millions of dollars.

Office Supplies

The Government uses 25 billion sheets of paper each year, exclusive of the tons of paper used in the printing of technical manuals, pamphlets, periodicals, and the like. "Small items" (pencils, ink, envelopes, paper clips, etc.) run into several million dollars a year.

*Report of the Commission on Economy and Efficiency, February 13, 1912.

*Based on Department of Labor publication, Federal White-Collar Workers—Their Occupations and Salaries, June 1951, supplemented by information provided by individual agencies.

Breaking down our $4 billion in another way we find it "buys":

Correspondence	$1,000,000,000
Forms	867,000,000
Reports	700,000,000
Directives and instructions	100,000,000
Recordkeeping	650,000,000
Mail handling	104,000,000
Supervisory and miscellaneous	579,000,000
	$4,000,000,000

A good deal of this paperwork is found in the Washington area. The sale of wastepaper is understandably the largest single item shipped out of the Nation's Capital for industrial purposes, according to William J. Moyer in a May 1954 edition of the Washington Evening Star. Nevertheless, the bulk of Government paperwork extends to the far corners of the earth. At this moment several thousand people are turning out this "white collar product" in Korea. And from every United States Army division in the world pour 126,000 required reports annually. For each division this takes time equivalent to the full-time labors of 90 men. The reporting workload alone in the 19 Army divisions consumes more manpower than the December 1954 draft call for any one of the heavily populated areas of Texas, New York City, California, or Illinois. This task force has been just as concerned with these farflung paperwork operations as it has been with those in Washington.

Paperwork volume in the Government, measured for the first time in this manner, tends to confirm the widespread belief that Washington is the mecca of redtape. But many companies measured since the time of the first Hoover Commission found that they had a strikingly similar paperwork volume in proportion to their size. Both industry and Government, therefore, produce roughly the same large volume of papers per employee.

The 25,000 papers and documents piled up for each Federal employee compare favorably with 64,000, 56,000, and 34,000, respectively, in typical companies varying in size and type of industry. One of the ten largest companies advertised in October 1954 that if all its products now in use were placed one in front of the other they would stretch around the world 1½ times. The official inventory of this company's files also shows that if its business papers were set end to end they would reach around the world twice.

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The Elements of Paperwork

We have classified paperwork into four basic elements:

(a) Correspondence.
(b) Forms.
(c) Reports.
(d) Directives and instructions.

Detailed studies were made on the first three. Our studies on the fourth were limited. Government publications prepared for public use were excluded from the study.

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(a) Correspondence

In the past 40 years, the number of letters produced by the Federal Government each year has increased sixtyfold to well over 1 billion. It is difficult for most people to comprehend the quantities of mail coming out of Government offices. A billion letters ready for mailing and stacked one on the other would reach 390 miles into the stratosphere, some 25 times higher than man has flown.

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Letterwriting Costs

Government letterwriting represents more than $1 billion of the total paperwork expense. It is most conservatively estimated that the average letter costs $1, but the significant dollar-and-cents fact is this:

The cost of creating and filing the SAME typical 175-word letter may range from 15 cents to $2.50 depending largely on letterwriting and filing practices.

Time and cost factors in creating a typical ½ page, 175-word letter*

	Minutes required for— Steno dictation	Machine dictation	Guide letter (Correspondex-type)	Form letter
Planning what to say	10	10	0	0
Dictation	10	5	0	0
Looking up a letter	0	0	2	1.0
Transcribing—typing	7	8	6	1.5
Reviewing—signing	2	2	1	.5
Total minutes	29	25	9	3.0
Cost in terms of salary	70¢—$2.25	60¢—$2.25	20-30¢	8-15¢

° ° °

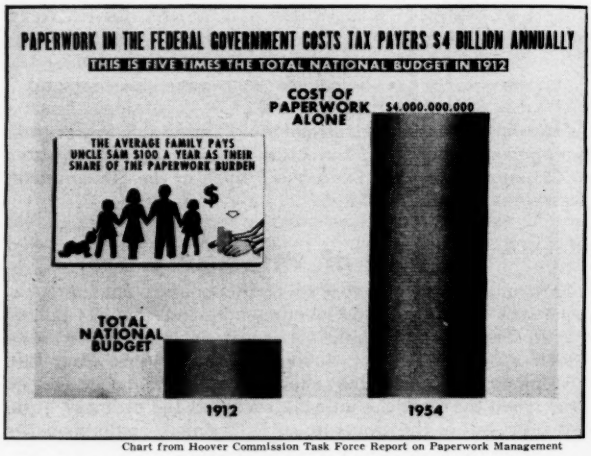
PAPERWORK IN THE FEDERAL GOVERNMENT COSTS TAX PAYERS $4 BILLION ANNUALLY
THIS IS FIVE TIMES THE TOTAL NATIONAL BUDGET IN 1912
COST OF PAPERWORK ALONE
$4,000,000,000
THE AVERAGE FAMILY PAYS UNCLE SAM $100 A YEAR AS THEIR SHARE OF THE PAPERWORK BURDEN
$
TOTAL NATIONAL BUDGET
1912
1954

Chart from Hoover Commission Task Force Report on Paperwork Management

(b) Forms

The Federal Government uses 18 billion forms a year. The printing cost alone is approximately $42 million. Clerical expense relating to forms, however, is the big factor—at least 20 times greater than the printing charge; therefore, the actual cost of forms is no less than $867 million.

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Savings

On the basis of savings made by those agencies which have brought their forms under control, extending their practices throughout the Government will save $50 million.

(c) Reports

The work group assigned to analyze the management of reports found that many agencies, particularly the civilian agencies, know little about their reports or what they are costing them. As a rule, the following questions have not been answered before a new reporting requirement is initiated:

1. Is it necessary?
2. Will it do the job for which it is intended?
3. Is it worth the cost?

° ° °

*Developed by the National Archives and Records Service, General Services Administration.

Outstanding Example

Potential savings exist in Form 941 and 941a, Employers Quarterly Federal Tax Return. There are millions of copies of this report prepared by employers annually. In addition to other tax information, the form has a line for each employee. It lists his account number, name, earnings, and the State of employment. The agencies concerned estimate that 184 to 240 million lines of such information are submitted annually, and the Social Security Administration prepares a separate punched card from every line.

Internal Revenue and Social Security have agreed that the detailed information on each employee could be dropped from quarterly reports. The information could be picked up from W-2 Forms (Withholding Tax Statement).

Two large companies alone have indicated that they will save about $50,000, and it is estimated that industry as a whole will save $22 million per year if the Commission and the Congress act favorably on our recommendation in this regard.

° ° °

Savings

The task force is convinced that effective management of reports throughout Government will produce annual savings well in excess of $50 million.

(d) Directives and Instructions

Accusations directed against Federal "redtape" and "bureaucratic inefficiency" frequently stem from the mass of uncoordinated, conflicting, or overlapping instructions which bewilder the public and confuse, instead of assist, the individual at the receiving end. It has not been infrequent that Government orders have been cited by the press and others as the ultimate in confusion. Many of the criticisms have been well founded and it is a definite fact that only inefficiency can result when a clear-cut, usable system of instructions is missing. . . .

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The Federal agencies are spending well in excess of $100 million for management directives and instructions. Only in a few instances, however, are these instructions being issued in the most effective and economical manner. . . .

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Office Machines

The Government's office machines, valued at several hundred million dollars, have a replacement and rental cost of about $100 million per year. The task force study ranged from manual typewriters to giant mechanical brains which cost over $1 million each. . . .

Electronic Data Processing Machines

Since the first large-scale, high-speed computer was designed about 10 years ago to process data associated with bombing tables, research and development of such automatic machines, as well as their types and uses, have rapidly increased. These machines can now economically and efficiently do many huge paperwork jobs of the Government. However, though the Government was a pioneer in their development, it has taken a back seat in their use for business processes. This is unfortunate because these machines can do many tasks more efficiently and at reduced costs. They can do jobs undreamed of in the past. They can provide management with split-second timely answers to involved problems. Increased use of such machines is inevitable. In a specific process which was analyzed relative costs were:

Hand calculations	**$25**
Tabulating equipment	**4**
Automatic machine	**1**

Even proportionately smaller savings than these would project to national savings of millions of dollars if associated management and technical problems can be solved. The task force believes that these machines will have a profound effect on our office operations.

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Conclusions

The unanimous findings of the task force prove that certain Government agencies have produced most encouraging results in the economy, efficiency, and quality of their paperwork operations. Unfortunately, these are the exceptions. On the whole, agency heads and their principal subordinates have not given the proper attention to this $4 billion problem. Despite the fact that some agencies have assigned sizable management staffs to the problem, the meager results are wholly out of proportion to the investments in those staffs.

The task force has succeeded in identifying those paperwork areas in which it is most practical to produce substantial savings and improvements in a reasonable period of time.

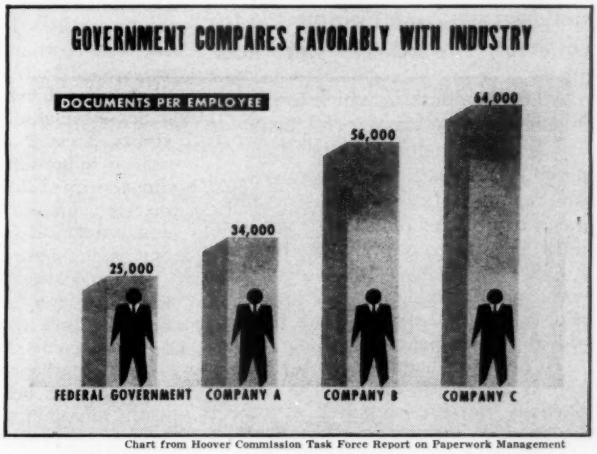

Chart from Hoover Commission Task Force Report on Paperwork Management

Extending existing successful programs on a much broader scale throughout the Government enables us to predict yearly savings of over a quarter of a billion dollars. With the interest and support of agency heads, savings could well exceed our prediction. The breakdown of obtainable savings in the most substantial areas is as follows:

Correspondence	**$ 75,000,000**
Forms	**50,000,000**
Reports	**50,000,000**
Mail operations	**30,000,000**
Office files	**50,000,000**
Total	**$255,000,000**

In addition to the above, many other areas have been specified throughout the report in which further savings, running into tens of millions of dollars, can be achieved.

Paperwork in Government is big business. There is nationwide interest in the billions we are spending for defense. In return for those billions for defense, we know that we have a certain number of divisions, a certain number of ships, and a certain number of aircraft. Now for the first time taxpayers have a measure of the billions spent on paperwork and the obtainable savings.

HOW TO FIGURE YOUR TAX SAVINGS

It's time you gave some study to your new income tax form.

Major new tax relief is offered to millions, but some of it is pretty involved. To ease the task, "do's" and "don'ts" are given in what follows.

If you put off the job, and give yourself too little time to solve the new puzzles, don't blame the tax collector. His advice: start now.

An extra month in which to prepare and file income tax returns, taxpayers are finding, is going to be none too much. Complexities in the new form, the result of tax relief just granted, mean trouble for individuals who wait until April 15 to get down to business.

Other individuals, those who start now to figure their tax liabilities under new rules, will have an easier time and probably save money in the bargain.

To help you handle the job this year, here is a detailed run-down on the deductions you are permitted to take in minimizing your tax. Also, note the check list on page 117.

Keep in mind that, with few exceptions, you get to claim these deductions only if you "itemize" your claims in detail on page 3 of the form—1040. If you settle for the "standard" deduction, you will have to be satisfied with deductions amounting to 10 per cent of your income—up to $1,000 of deductions for a married couple.

Donations

You may as well start on charitable contributions, since they come first in the form.

The rules allow you to deduct gifts to nonprofit organizations that are run exclusively for charitable, religious, educational, scientific or literary purposes, or for prevention of cruelty to children or animals. The check list shows examples, but only some of the commonest ones—the full list of officially approved groups is 400 pages long.

A point that most taxpayers overlook is that donations of noncash items—say food or clothing for the church bazaar—are deductible in the amount of their cash market value. Also, you can deduct the cost of gas, oil and depreciation on your car if you use it for one of these groups and do not get repaid.

The "can'ts" are as important as the "cans." You can't deduct the cash value of work you do in planting shrubbery around the church—or other services you perform for these groups.

Don't try to deduct contributions to your needy neighbors or relatives, or the check you send your favorite political party or candidate. And that goes for contributions to your social club or fraternity, unless the donations are to be used for charitable purposes. Also, dues are not deductible as charitable donations, even if made to approved groups.

Some tax-wise individuals donate corporate stock or other property that has risen in value since it was bought. If you did this in 1954, you can deduct the market value of the asset at the time you donated it. Yet you will not have to pay any capital-gains tax on the rise in value.

If you're wealthy, or generous, enough to donate large sums, remember that the limit on these deductions is 20 per cent of your income. As an exception, you can deduct another 10 per cent for donations to churches, hospitals and schools of the nonprofit sort.

Interest

For millions of taxpayers, interest on home mortgages is the biggest deduction of all. The interest payment on a $20,000, twenty-year mortgage at 5 per cent, for example, comes to $986 in the first year.

Interest on just about every other kind of debt is deductible, too—on property-improvement loans, personal notes, installment purchases, judgments, delinquent taxes, other debts.

Note that deductions for interest on "discount" loans—for example, most property-improvement loans—must be spread over the life of the loan.

There's a new rule for deducting the carrying charges on your installment purchases of such things as autos and furniture. If the interest charge is separately stated on your installment contract, take that as a deduction.

If carrying charges are separately stated, but interest can't be determined, take 6 per cent of the average debt remaining during the year. To do that, just add the unpaid debt as of the first of each month in 1954, divide by 12, and take 6 per cent of the result.

Here are some don'ts: Don't deduct interest on loans taken out to purchase tax-exempt securities, or a life insurance loan unless the interest was paid in cash. And do not deduct interest on loans taken out to buy single-premium life insurance or endowment contracts, or single-premium annuity contracts purchased after March 1, 1954. If substantially all the premiums on these are paid in less than four years, policies are considered single-premium policies.

—Shoemaker in the Chicago News

"EVERYBODY'S TRYIN' IT"
. . . but it's quite complicated

Taxes

You may be able to claim big deductions on the taxes you paid in 1954, but you need to be careful. Federal taxes of all kinds are ruled out, to start with, and State and local taxes need to be studied.

Property taxes and State and local income taxes mean big deductions for millions. Both your real and personal-property taxes paid last year are deductible in full. But do not deduct an "assessment" for paving, sewers or other improvements that raise the value of your property—unless it is a county-wide assessment affecting at least 1,000 people and levied at a single rate on the regular assessed value of property.

Retail sales taxes are tricky because their deductibility depends on the way they are applied. The rule is that you can deduct them if, at the time of the purchase, the tax was separately stated

(Continued on page 118)

CHECK LIST OF TAX DEDUCTIONS

These expenses can be deducted in figuring your federal income tax:

CONTRIBUTIONS TO—

- Red Cross, Community Chest
- Polio Foundation, Heart Fund, and other such organizations
- Churches, Salvation Army
- Scouts, YMCA, YWCA, Police Boys' Club
- Nonprofit schools and hospitals
- National veterans' organizations
- Fraternal organizations if funds are used for charity
- Parent-teacher, civic associations

INTEREST ON—

- Mortgage or improvement loans
- Personal notes
- Delinquent taxes
- Life insurance loan
- Installment credit
- Credit-union or other loan

TAXES—

- Real and personal-property taxes
- State, local income taxes
- State, local retail sales taxes
- State, local gasoline tax
- State, local tobacco taxes
- State, local admissions tax
- State poll tax
- State, local liquor taxes
- Driver's license
- Auto-license tax
- Tax paid to co-operative apartment corporation by tenant stockholder

MEDICAL EXPENSES*—

- Payments to physicians, dentists, nurses, other medical professionals
- Payments to hospitals, nursing homes
- Prescriptions, drugs, medical appliances
- Premiums on health, accident and hospitalization insurance
- Eyeglasses, false teeth, hearing aids
- Travel necessary for medical care

**Only those in excess of 3 per cent of income*

LOSSES* ON—

- Damage to your car in accidents
- Property stolen from you
- Personal and real property damaged by fire, storm, flood, drought
- Bad debts
- Property sold at a loss

**To extent not covered by insurance*

MISCELLANEOUS—

- Dues, initiation fees, assessments of unions, professional societies
- Professional publications
- Employment-agency fees
- Business-entertainment expenses
- Transportation expenses of employe
- Repairs to your rental property
- Autos and tools used for business
- Business-travel expenses
- Soil, water-conservation expenses of farmers
- Investment-counsel fees
- Other investment expenses
- Rental on safe-deposit box
- Gambling losses, to extent of gains
- Cost of preparing tax returns
- Legal fees in tax litigation or in suits connected with business, trade
- Alimony, separate-maintenance payments

Special "exclusions" from taxable income—

- Dividend income up to $50
- Sick-leave pay, within limits
- Annuities, pensions, to extent payment is return of cost

Special credits against your tax bill—

- Dividend credit
- Retirement-income credit

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You are allowed to make a reasonable estimate of sales taxes, if you do not have receipts . . .

and was paid by you. Most of the sales taxes meet that test.

If you failed to keep receipts for all the sales tax you claim in your return, you are allowed to make a reasonable estimate. Just apply the State or local rate—1 per cent, 3 per cent, or whatever—to your 1954 purchases that were subject to the tax. You can estimate your gasoline taxes the same way.

State liquor taxes are deductible, but be sure yours is a tax. Some States—like Virginia—take their liquor revenues from "profits" on State sales.

License taxes of many kinds—though not dog licenses or hunting and fishing licenses—are deductible. New Yorkers can deduct their city's auto-use tax.

Most of these taxes are small, but it doesn't pay to overlook any. They make up in number what they lack in size.

Medical Bills

Deductions for medical expenses will be easier to claim this time. Until now, you could deduct only those medical costs that were in excess of 5 per cent of your income. Now you get all in excess of 3 per cent. But note that your outlays on drugs and medicines do not count as "medical expenses" except in amounts that are in excess of 1 per cent of your income. And such items as toothpaste and cosmetics do not count at all.

Figuring your medical deduction is simpler than it sounds. Just add up all your medicine and drug bills and eliminate an amount equal to 1 per cent of your income. Add the remainder to your "other" medical expenses, and eliminate from the total an amount equal to 3 per cent of your income. What's left is your medical deduction.

If either you or your wife reached age 65 on or before Jan. 1, 1955, you can deduct all the medical expenses incurred by both of you—instead of just those in excess of 3 per cent of income. But the 1 per cent rule still applies to your medicine and drug bills.

You are not permitted to deduct medical expenses covered by insurance—though you can include your medical-insurance premiums.

Many people overlook an obscure rule that often permits a taxpayer to deduct medical expenditures for another person even when that person does not qualify as a "dependent" of the taxpayer. Specifically, you can add to your own medical costs the medical expenditures you make for an aged parent, son or other close relative, if you are providing more than one half of that relative's support. You can do this even if the relative has an income of $600 or more and, thus, is not a "dependent" of yours.

Here's a tip on another angle that most taxpayers will overlook: The cost of driving to the doctor's office for a checkup or treatment is a bona fide medical expense if the trip is necessary. Gas, oil, parking fees are legitimate costs. If you must take a bus or cab, that's all right, too.

If you deduct the cost of travel that was required in order to get treatment, don't include meals and lodging.

There are maximum limits to be watched—two of them. First, the medical deductions claimed in your return can be no more than $2,500 multiplied by the number of exemptions you are claiming. And extra exemptions for the aged or blind do not rate an extra $2,500. Second, the top allowance is $5,000 for a single return, and $10,000 for a joint return or head-of-household return.

USN&WR Photo

MEDICAL EXPENSES
. . . easier to claim this year

Children

Many parents who spend money for child care so that they can earn a living can deduct some or all of the expenditure. But there are many "do's" and "don'ts."

First, the limit on this deduction is $600 a year for working widows, widowers, and divorced or legally separated persons. It's $600, too, for a wife whose husband is physically or mentally incapable of earning a living. A husband whose wife is incapacitated gets to claim nothing.

For a working couple, the limit is $600 minus any amount that the couple earns

. . . Claims for child care have many ramifications

in excess of $4,500. So a couple earning $5,100 or more can claim no child-care deduction.

Also, you get to claim this deduction only for periods in which you were working or looking for work. If you paid a nurse $600 to care for your child during 1954, but you worked only six months—or half time for the full year—your limit is only $300.

If you take this deduction, your child—or stepchild or adopted child—must be under 12 years of age. If your youngest child reached 12, say, July 1, 1954, you can claim no expense after June 30. In most such cases, $300 is the limit.

The person being cared for need not be a child, though. It can be any person too incapacitated to care for himself, provided it's a dependent for whom you can claim an exemption in your return. An aged parent is an example.

Who can get the money you spend for this care? Anybody except a dependent of yours. If you send your small child to nursery school, that counts. Also, room and board for a nurse or other caretaker is an expense to be included.

Note, though, that if the maid who cares for your children also does housework, you can deduct only wages you pay for the time spent in caring for your child or disabled dependent.

Losses

Taxpayers probably overlook more "loss" deductions than any other.

Have you made a note, for example, to deduct the fair market value of your camera that was stolen last year, or the fire damage to your garage, or that oak tree blown over by a hurricane, or the repairs to your wrecked car? Probably not. Yet all these expenses are deductible.

You cannot deduct that part of a loss covered by insurance, of course. But most people who have casualty insurance have a "$50 deductible," or "$100 deductible" policy. That means some cash outlay on each casualty.

If, for example, your car was damaged in an accident, repair costs mean deductions. And you get these tax-reducing deductions even if the accident was your fault—so long as it was not due to your "negligence," as in drunken driving.

Plane crashes, explosions, fires, other accidents and such natural phenomena as storms, floods, lightning, freezing, drought, hail, heavy rain—all these can cause property damage that gives rise to deductions. So, also, do thefts. Trees

(Continued on page 120)

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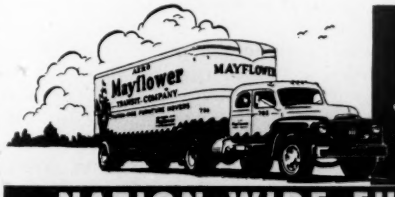

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From a Barron's reader

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The Board of Directors of Safeway Stores, Incorporated, on Feb. 8, 1955, declared the following quarterly dividends:

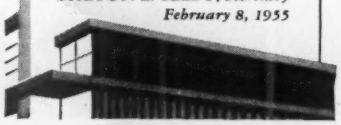
60¢ per share on the $5.00 par value Common Stock.

$1.00 per share on the 4% Preferred Stock.

$1.07½ per share on the 4.30% Convertible Preferred Stock.

Common Stock dividends and dividends on the 4% Preferred Stock and 4.30% Convertible Preferred Stock are payable April 1, 1955 to Stockholders of record at the close of business March 16, 1955.

MILTON L. SELBY, *Secretary*
February 8, 1955



Almost any outlay on business travel can be taken off your income tax . . .

and shrubs destroyed by insects, though, don't count.

You may have trouble determining the amount of the deduction. You get to deduct the difference between the fair market value of the property before the casualty and the fair market value afterward. In figuring damage to trees and shrubs, it's necessary to value your entire property before and after the damage. You may want to have an appraisal.

Some accidents don't qualify. If you drop your watch or step on your false teeth, you get no loss deduction.

Odds and Ends

"Miscellaneous" deductions offer real tax savings, though most taxpayers are not awake to the possibilities in this group.

Look at some expenses that may be incurred by an employe on his job. You can avoid a lot of trouble by recognizing that different situations require different treatment in your return.

Note, first, that expenses reimbursed by your employer are to be subtracted from your gross income before entering that income on page 1. Simply add the reimbursement to your income, then list the reimbursed expenses to be deducted. Do this on a separate sheet and attach it to your return. The net figure is entered on page 1 as "your income."

Expenses that are not reimbursed by your employer are claimed on page 3 as "miscellaneous" deductions.

Assume, for example, that your firm reimbursed you for the tabs you picked up in entertaining clients at lunch, but not for the cost of the parties you threw at home for business contacts.

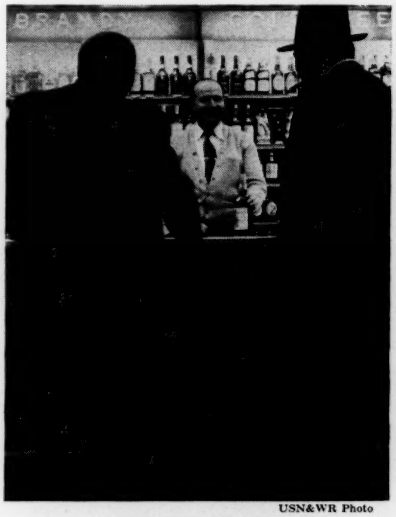
You are expected to claim those lunch expenses before reporting income on page 1. Net effect of reporting the reimbursement and then deducting the expense, of course, is to leave your tax bill unaffected. But it does permit you to do some "free" entertaining.

Your outlays on the business parties at home can be claimed as deductions on page 3. Be sure these are necessary business expenses—and that not too many of your friends are entertained.

Three types of expenses—business travel, business transportation and all business expenses of "outside salesmen"—are notable exceptions to these rules. Such expenses can be deducted from your income before listing your income on page 1, even though you are not reimbursed by your firm for them. Result is to let you deduct these first, and then take the standard deduction on page 3, if that's helpful.

Almost any outlay on business travel is deductible—transportation, meals, lodging, tips, telephones, telegrams, hire of public stenographers and the like. Entertainment on a trip—not a travel item—must be claimed separately. If your wife went along on a trip last year, be sure you can prove her presence was required for business purposes before you deduct her expenses.

You can deduct transportation expenses even if you did not go out of town. A news reporter, for example, can deduct his around-town transportation costs—cab, bus or streetcar fare, parking fees, or car expenses if he uses his own car. Cost of meals and expenses of commuting



USN&WR Photo

LIQUOR STORE
. . . State taxes are deductible

to and from home, though, are ruled out.

A salesman who spends all his time soliciting business away from his employer's shop gets an even more generous rule. He can deduct all his business expenses—including transportation costs, meals, fees and other costs of making sales. Employes who are mainly delivery men or service men don't qualify for this one.

Many other expenses incurred in earning income also are deductible.

Investment expenses are good examples. You can deduct fees paid to investment counselors, subscriptions to analytical and advisory services and the like. But don't deduct your broker's commission fees—they are added to the cost of your securities in figuring gain or loss in subsequent sales.

Here's a special tip for people who

. . . Part of housing cost can be claimed at times

work at home to earn money—say a free-lance writer, or a retired person living off his investments and still actively investing. He can allocate his housing costs—so much for living and so much for his work space—and deduct costs attributable to his work. That includes a part of rent, light, fuel and the like.

You may have had other expenses to earn income. Dues you paid to your professional society are deductible, along with the cost of professional or technical journals. Union dues and initiation fees are, too.

Many taxpayers this year will claim the cost of membership in a country club as a necessary expense in their business or profession. A few taxpayers—those who can establish a close tie between the membership and their business—will get away with it.

For some taxpayers, alimony is an important deduction in this group. You have been permitted, all along, to deduct alimony and separate-maintenance payments made periodically under a court decree. Now, under new rules, you can deduct periodic support payments ordered by a court after March 1, 1954. Also, you can deduct periodic payments made after Aug. 16, 1954, under a written separation agreement signed after that date—even if there is no court decree.

So much for deductions.

There are other ways to reduce your tax bill, and more directly than through deductions. "Tax credits" are something new. If your top tax rate is, say, 30 per cent, an extra $100 of deductions means a tax saving of $30. But a "tax credit" of $100 means a flat tax saving of $100.

Tax Credits

This year, for the first time, you may be able to claim tax credits—or reductions—for dividend income and retirement income.

In fact, if you received dividend income in 1954, you can be sure of at least some tax relief. Figuring this relief—on schedule J of Form 1040—is complicated, but if you study the schedule and the official explanation pamphlet, you'll make out.

Note that you first "exclude"—that is, omit from income—your dividend receipts up to $50. If you and your wife both own shares, or hold your stock jointly, you both may qualify for an "exclusion" from income.

Next step is to figure the tax credit—amounting to 4 per cent of your dividend income after the exclusion is taken out. For 1954, though, only dividends re-

(Continued on page 122)

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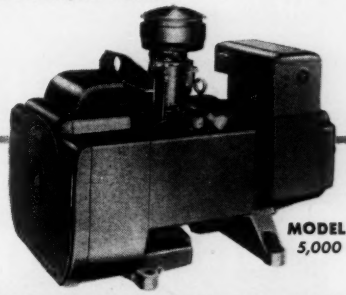

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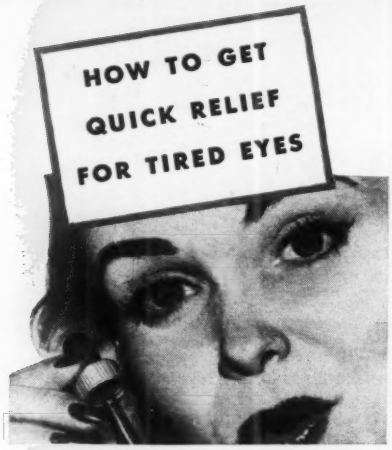

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Big problem for retired people is to determine just who is eligible to claim tax credit . . .

ceived after July 31 are eligible for the credit. Also, the amount of the credit is subject to some limitations shown in the form itself.

An even more substantial tax cut is offered now to many older taxpayers, a tax credit for retirement income. Again, computation is complicated.

For one thing, the rules have been changed since the forms were printed. So there is a discrepancy in Form 1040. If you claim this credit, be sure to enter "$1,200" on line 2 of schedule K. Then, on line 5, enter an amount equal to line 2 minus line 4, or the amount on line 1, whichever is smaller. Otherwise, you may lose some tax savings.

For most retired people, the big problem will be to determine just who is eligible. As one requirement, you must have received "earned income of more than $600 in each of 10 past years —any 10, not necessarily consecutive, years. Some tips will help.

Don't look for a definition of "earned income" in the form or pamphlet—it isn't there. "Earned income" here means wages, salary, professional fees or other compensation for "personal services." Return on investments is not earned income. If you were in business 10 years, drawing profits, you can count 30 per cent of the profits as compensation for your management services.

If you and your wife both have retirement income—say, from investments—and both had $600 of earned income in each of 10 past years, then you both may qualify for the retirement credit. If you live in a community-property State you get a special break. You can count both your retirement income and your past "earned income" as equally divided between the two of you.

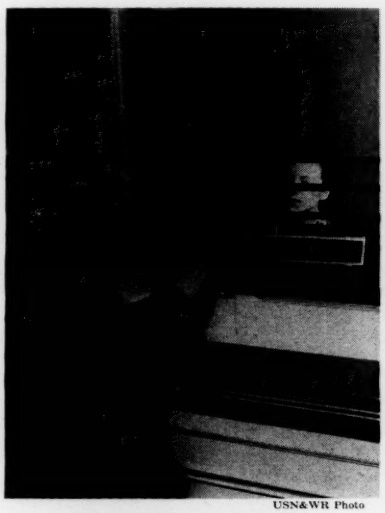
Also, a widow whose husband qualified under this $600 earned-income test is herself qualified.

Now, as to the credit itself: You get an amount equal to 20 per cent of your first $1,200 of 1954 "retirement income"—that is, taxable dividends, interest, rent, annuities and pensions. This means a tax cut of as much as $240, or $480 for a married couple if both qualify. Note, though, that some of the other income you may be receiving will serve to reduce your $1,200 credit base—and thus your credit.

Income "Exclusions"

You may be able to claim some important income "exclusions"—in addition to the $50 dividend exclusion. But be sure you know what you're doing. Some income—such as Social Security benefits—is just omitted from taxable income automatically, not even reported under "your income." But two types of income—in addition to some dividends—must be reported in one place or another and then claimed as "exclusions." These are annuity income and sick-leave pay.

Annuitants have been allowed to exclude part of their annual payments all along—a part that represents a return of the annuity's cost. This year, they get an entirely new rule that bases the excluded, or tax-free, part of their annuity on their own life expectancy. The official pamphlet gives detailed instructions, though you may need to read them over a dozen times or so in order to understand the complicated process required. Also, you may need to ask your local or district Internal Revenue office for a copy of the official "actuarial tables."



USN&WR Photo

BORROWING MONEY
. . . interest often is tax-free

If you have been receiving annuity income for some time, you may find that the tax-free part of your annuity under the new rule will be smaller than under the old. It's going to work out that way for some taxpayers. Note, though, that your new tax-free allowance will continue as long as you live and draw the annuity. Under the old rule, annuitants found that their tax-free allowance suddenly stopped after a time, and their entire annuity became taxable.

Another new rule makes sick-leave pay important to many taxpayers. If you continued to draw your pay—or part of it—from your employer last year during periods of illness or injury, you now can

. . . Expenses of figuring tax also can be deducted

subtract from your reported income as much as $100 a week of that sick-leave pay. If you were sick, rather than injured, though, you cannot claim this "exclusion" for the first week of absence unless you spent at least a day in the hospital during the illness.

Here's a special tip on this sick-leave pay: If you used up all your sick leave during 1954 and then drew some annual leave during an illness—or injury—this annual-leave pay also can be excluded under these same rules.

Doubts?

If the check list and these tips still leave some questions unanswered, there are several things you can do. One is to send 25 cents to the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for a copy of the official booklet, "Your Federal Income Tax." Or buy it at a field office of the U. S. Department of Commerce.

Another step is to phone, write or visit your local or district office of Internal Revenue for service.

Or, you may want to consult a reputable tax counselor.

If you have expenses in doing these things, you can deduct them under "miscellaneous" on page 3.

Interested in stocks? The New York Stock Exchange, which has been increasingly active in its educational program, has issued the eighteenth edition of its "Investment Facts." Listed are 297 common stocks that have paid dividends consecutively for periods ranging from 25 years to 107 years.

Up-to-date data. Businessmen and others who use Internal Revenue Service's detailed "Statistics of Income" will find good news in the IRS campaign to put those statistics on a more nearly current basis. For corporation incomes, the time lag has been cut down from about six years to about two years. For individual incomes, the lag has been reduced from seven years to a bit over two years. Now, IRS has acquired a one-fourth interest in a UNIVAC—electronic computer—and hopes to cut the lag for individual incomes to a year and eight months.

More stock splits. Republic Steel Corporation's directors have voted to issue each stockholder two shares of common for each one now held. Ex-Cell-O Corporation directors also voted a 2-for-1 split. Penn-Dixie Cement Corporation, meanwhile, voted a 3-for-1 split.

How Good Are

MUTUAL FUNDS?

Which Show Best Records for 1954? 3 Issues Advised for Purchase

How 25 leading Mutual Funds and Investment Trusts have performed over the 5-year bull market is shown in a new study by UNITED Service. Some have gained 40%–50% more than the general market; others have made a relatively poor showing. This revealing study will help you to rate the management ability of the following investment companies:

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Boston Fund, Inc	Investors Mutual	Scudder Stevens
Consol Inv Trust	Keystone S-2	Selected Amer
Dividend Shares	Lehman Corp	State St Inv Corp
Eaton & Howard	Loomis-Sayles	Tri-Continental
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Talk fast, mister! . . . Don't worry, the foreman will—with plenty of explanations. But afterward he'll take steps to cut painting costs back to where they should be. And keep 'em there.

Who's the hero of this drama? Keysort punched-card accounting. The boss learned through Keysort operation costing that things were getting out of hand in the Finishing Department. On certain operations the figures were far higher than last week's. Knowing the score—and knowing it *on time*—the boss could move quickly to bring his cost picture back into focus.

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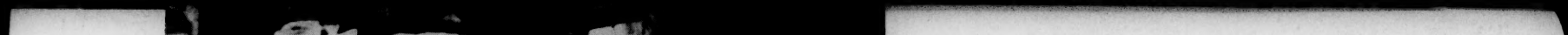

Trend of American Business®

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Spending by individuals is in a strongly rising trend at this time.

The American consumer shows up as the real spark for the business upturn.

This is underscored by the latest Government figures on total output. Consumer spending rose in the final three months of 1954 to a rate of 237.7 billion dollars a year, up nearly 3 billion from the preceding quarter. Sales trends, furthermore, point to continued high spending.

Rise in spending stems both from higher incomes and smaller savings. People increased their savings when business began to sag in mid-1953, kept them high through the middle of 1954.

Decision then was made, apparently, to spend more and save less.

Result is that people's savings are running at 7.1 per cent of income, after taxes. A year earlier, savings were running at 8.6 per cent of income. Savings rate in dollars is put at 18.2 billions a year now. Last year, at the same time, the rate was 21.5 billions a year.

Continued high spending also is affecting business inventory policies.

Inventory trimming was curtailed drastically late last year. Inventory cuts in the last three months fell to a rate of 1.3 billions a year. Three months earlier, 4.8 billions a year was being lopped off stocks.

Signs now are showing up to indicate that inventories are being rebuilt here and there. That will give production an additional nudge.

The year 1954 stacks up as the second-best business year in history, even though activity sagged a bit. That was predicted a year ago in these pages.

Total output came to 357.2 billions, against 364.9 billions for 1953.

Personal spending hit 234 billions, from 230.1 billions.

Private investment sagged to 46.1 billions from 51.4 billions.

Government spending for goods and services dropped to 77.5 billions from 85.2 billions. That was entirely due to cuts in federal outlays.

Payments to foreigners by U.S. fell to 400 millions from 1.9 billions.

All in all, the U.S. economy showed strong resilience last year.

Prospect now is for a record year in 1955. Business is raising its sights.

Railroads ordered 5,087 new freight cars in January. December orders amounted to 2,685 cars. Railroads count on substantial improvement.

New passenger-train equipment is soon to be ordered by six big lines--Pennsylvania, Baltimore & Ohio, Chesapeake & Ohio, New Haven, New York Central, and the Santa Fe. They provide nearly half the country's passenger travel.

Purpose of passenger-train orders is to improve service, recapture some business from buses, airlines, the private automobile. The new equipment is said to be "startlingly different" from conventional designs.

(over)

Other businesses, too, are looking for increased volume this year.

Chemical industry stands to increase sales by 4 per cent in 1955. That comes from the Commerce Department, after an official analysis.

Manufacturers of chemicals had a record year in 1954.

Gains in volume are expected in many basic chemicals, such as sulphuric acid, chlorine and phosphorus, as well as in antibiotics, plastic and rubber.

Commerce officials estimate a record 21-billion-dollar volume for the industry in 1955. Investment in plant and equipment is expected to be around 1.2 billions, a moderate drop from the 1954 investment.

Textile industry also appears to be in line for strong recovery in 1955.

Upturn in textiles get under way in October, 1954. This is expected to carry through the current year and go on into 1956.

Outlook is for textile mills to use 7 billion pounds of fibers this year. That will exceed the record fiber consumption of 6.9 billion pounds in 1942.

Reasons for expecting recovery in textiles to this extent are that the industry is starting from a low level, and consumers are expected to have a record amount of spending money. Moreover, the industry usually stages a strong recovery once the bottom is reached.

These shifts also are appearing in textile operations.....

Cotton now seems to be holding its own against synthetic fibers, after bowing to competition in recent years.

Rayon also seems to have stopped making inroads against other fibers.

Wool may improve its position. Wool staged a mild recovery against some competing fibers last year. Wool use increased in summer suitings, for example.

Nylon, most versatile of the man-made fibers, has a secure position.

Newer fabrics--Orlon, Dacron and others--have not gained the total volume once expected. Still, further expansion is looked for in 1955.

Main point is that general improvement in the textile industry is likely to bring increased use of all types of fibers.

These estimates for chemicals and textiles indicate that it's not only the automobile and steel industries that are gaining in activity. They are just the most spectacular. Signs now point to improvement generally.

Farmers are expected to market more hogs and cattle this year than they did in 1954. That's the indication from a survey for the Chicago Stock Yards. The survey covers farmers in Iowa and northern Illinois.

Hog marketings over the next four months are expected to be 11 per cent above 1954. Next autumn and winter, marketings are expected to gain 8 per cent.

Cattle marketings from this area will be scarce through the winter, but are expected to be ahead of last year in early summer and autumn.

Livestock prices already are reflecting the increased supply. Hogs fell to a new low recently and prices for steers were weakening.

Commodity prices on the spot index kept by the Bureau of Labor Statistics are showing some general weakness. Some metals are rising, but that increase is offset by dips in rubber and wool.

Price inflation is no threat at all at the present time.

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H-BOMB TESTS—THEY'RE SAFE

Atomic Energy Commission Reports Negligible Effect Of Fall-out on Food, Health, Heredity in U. S.

There's comfort in this official report on the effect of H-bomb explosions.

Many people have been fearing dire results from those test bombs in Nevada and the Pacific. Now they can quit worrying.

The Atomic Energy Commission assures the U. S. that the amount of radioactive "fall-out" from those tests is too slight to damage Americans' health, to contaminate their food, or to affect the next generation.

A big H-bomb, dropped in war, could indeed have deadly effects, however. This study shows your chances of survival if it drops in your neighborhood.

Following is the full text of a report issued Feb. 15, 1955, by the Atomic Energy Commission on the effects of nuclear explosions:

1. Considerable information on the effects of the explosions of atomic weapons has been made public by the Government since the first nuclear detonations in 1945. The handbook, "The Effects of Atomic Weapons," published in 1950, is being revised and brought up to date to include the effects of thermonuclear weapons, as a result of the most recent tests at the Pacific Proving Grounds. References to the effects of thermonuclear explosions have been made in several official statements, beginning with Chairman Strauss' description of the phenomenon of "fall-out" at a White House news conference on March 31, 1954. The following statement is designed to condense and correlate information, some of which already has been made public and other portions of which have been of a classified nature until now.

2. The effects of nuclear tests are evaluated for civil-defense planning as well as for military and technological purposes. So long as nuclear weapons are in possession of any unfriendly power, the Commission believes the American public will wish to be as fully informed as possible as to the nature and extent of the dangers of nuclear attack and of the protective measures that can be taken by individuals and communities to avoid or minimize those dangers if we should be attacked.

3. Test conditions, which must necessarily form the principal basis of evaluating the effects of nuclear explosions, may differ markedly from those which might be expected if nuclear weapons were used against our population in wartime. It would be difficult to predict the size or kind of bomb an enemy might use against us in event of war, the exact means of its delivery, the height at which it would be exploded, or the number of bombs which might reach a given target. Nevertheless, the facts to follow are the fundamental ones at this time.

Four Effects of Detonations

4. A nuclear detonation produces four major characteristics—blast, heat, immediate nuclear radiation, and residual radioactivity. Of these, the first three are essentially instantaneous, while the fourth has a more protracted effect. The phenomena of blast, heat and nuclear radiation from the detonation of a thermonuclear bomb are of the same nature as those of earlier and smaller atomic bombs. The nature of the phenomena is, in general terms, standardized whether the bomb be a 20,000-ton (TNT equivalent) atomic weapon or a thermonuclear one of many times that power. The intensity and area of the blast, heat and nuclear radiation increase in relation to the greater energy yield of the explosion. Information on these effects has been extensively publicized; therefore, the remainder of this report deals principally with effects other than heat and blast.

5. Residual radioactivity, although in no sense exclusive to high-yield thermonuclear detonations, does become a matter of major concern when a large thermonuclear device of the type used in the 1954 tests in the Pacific is exploded. The fall-out of radioactivity from such an explosion may, under certain conditions, settle over wide areas. Therefore, the extent and severity of this radioactive fall-out has been a subject of continuing study since the first full-scale thermonuclear tests at the Pacific Proving Grounds on Nov. 1, 1952. The results of these studies and of our evaluation of data obtained from the latest tests in the Pacific in March, 1954, are described in subsequent parts of this report.

6. It should be noted that if we had not conducted the full-scale thermonuclear tests mentioned above, we would have been in ignorance of the extent of the effects of radioactive fall-out and, therefore, we would have been much more vulnerable to the dangers from fall-out in the event an enemy should resort to radiological warfare against us.

Blast and Heat Effects

7. The effects of blast and heat from a nuclear explosion are relatively localized. One A-bomb of the earliest type equivalent to 20,000 tons of TNT (20 kilotons) would produce blast sufficient to destroy or damage severely residences within a radius of more than one mile from the point of burst. Within a radius of about a mile and a half, residences would be so damaged as to be unusable without repairs. A principal hazard to human beings would come from flying

and falling debris and from fires due to such causes as broken gas and electric lines or overturned stoves. The area in which injuries to human beings would be caused by blast, therefore, would be about the same as the area of damage to structures.

8. The United States, as announced previously, has developed fission bombs many times as powerful as the first A-bombs, and hydrogen weapons in the ranges of millions of tons (megatons) of TNT equivalent. For these larger weapons, the blast effects can be calculated approximately by means of a scaling law, namely, the distance at which a given blast intensity is produced varies as the cube roots of the yields of the explosions.

9. Similarly, the heat and burn effects of nuclear explosions can be estimated from accumulated data. These effects, of course, are influenced by prevailing atmospheric conditions. The time element also is a prime factor. Very large weapons deliver heat over an appreciably greater period of time than smaller weapons. A given quantity of heat from a high-yield weapon, delivered over a longer period of time, will produce somewhat *less* severe burns than the same quantity of heat from a nominal detonation.

Protection Against Blast and Heat

10. The hazard from both burn and blast effects in the *outer* affected areas would be reduced greatly by shelter. Clothing or almost any kind of shelter would reduce the danger of direct burns, although there might be some danger of clothing and structures becoming ignited. Also, shelter would materially reduce the hazard of blast injury by affording protection against flying or falling debris. The Federal Civil Defense Administration has made extensive studies of shelters and has issued plans for several simple and inexpensive types which can be utilized by householders. As is generally known, the shelter afforded by ordinary city buildings would not suffice within the central area surrounding the point of burst of a large nuclear weapon. For this reason, the Federal Civil Defense Administration recommends evacuation of the central areas of target zones on early warning of approaching attack.

Radiation Effects

11. The immediate nuclear radiation, i.e., the neutrons and gamma rays released instantaneously with the explosion of a large weapon on or near the ground, does not present a serious hazard beyond the area where heat and blast are of great concern.

Fall-out Radiation

12. However, particles with residual radioactivity produced by a detonation (as opposed to the immediate nuclear radiation) may fall out over an area much larger than that affected by blast and heat, and over a longer period of time. All nuclear detonations produce radioactive materials, but the nature and extent of the radioactive fall-out depends on the conditions under which the bomb is fired. The main radioactivity of a bomb's fall-out decreases very rapidly with time—for the most part, within the first hours after the detonation.

Fall-out From In-the-Air Detonations

13. In an in-the-air explosion where the fireball does not touch the earth's surface, the radioactivity produced in the bomb condenses only on solid particles from the bomb casing itself and the dust which happens to be in the air. In the absence of material drawn up from the surface, these substances will condense with the vapors from the bomb and air dust to form only the smallest particles. These minute substances may settle to the surface over a very wide area—probably spreading around the world—over a period of days, or even months. But they descend extremely slowly with the result that, by the time they have reached the earth's surface, the major part of their radioactivity has been dissipated harmlessly in the atmosphere, and the residual contamination is widely dispersed

(Continued on page 130)

BLAST DAMAGE FROM H-BOMB:
WHAT THE AEC SAYS—

FROM AN EARLY H-BOMB, the type exploded in 1952:

3 miles from blast center — *Complete destruction*
7 miles from blast center — *Moderate damage*
10 miles from blast center — *Light damage*

NOW, AEC reports:

"... The United States has developed fission bombs many times as powerful as the first atomic bombs [each equivalent to 20,000 tons of TNT], and hydrogen weapons in the ranges of millions of tons (megatons) of TNT equivalent."

© 1955, By U. S. News Pub. Corp.

Fall-out From Surface Detonations

14. If, however, the weapon is detonated on the surface or close enough so that the fireball touches the surface, then large amounts of material will be drawn up into the bomb cloud. Many of the particles thus formed are heavy enough to descend rapidly while still intensely radioactive. The result is a comparatively localized area of extreme radioactive contamination and a much larger area of some hazard. Instead of wafting down slowly over a vast area, the larger and heavier particles fall rapidly before there has been an opportunity for them to decay harmlessly in the atmosphere and before the winds have had an opportunity to scatter them.

15. The area of hazard from radioactive fall-out from a surface or near-surface explosion of a thermonuclear weapon is much larger than the areas seriously affected by heat and blast. The large radioactive cloud of a thermonuclear explosion rises with great rapidity to the highest levels of the atmosphere and spreads over hundreds of square miles in the first hours. During this time the winds toss the extremely radioactive particles about and the pattern of the radioactive fall-out is determined by the size of the particles and by the direction and velocities of the winds, including those up to 80,000 feet and above. The nature of the surface of the earth on which the bomb is fired also must be taken into consideration. Because of these variables, it is impossible to apply a single fall-out pattern to all thermonuclear detonations, even test explosions conducted under selected conditions. However, with adequate knowledge of atmospheric conditions, including wind directions and velocities up to high levels and meteorological reports, the fall-out region for any detonation usually can be predicted with considerable accuracy. In general terms, the region of severe fall-out contamination from the detonation of a thermonuclear weapon fired on or near the surface can be described as an elongated, cigar-shaped area extending downwind from the point of burst.

Fall-out Pattern of 1954 Test in the Pacific

16. The very large thermonuclear device fired at the Bikini Atoll on March 1, 1954, was exploded on a coral island. Coral consists of calcium carbonate, thus the detonation's radioactivity was spread by particles consisting largely of unslaked lime which, during the hours of descent, was slaked by moisture in the atmosphere. These particles ranged between 1/100th and 1/50th of an inch in diameter and were, on the average, somewhat adhesive. The prevailing winds were westerly so the bomb cloud moved generally to the east and deposited the radioactive particles in varying amounts over an elliptical or cigar-shaped area. About 160 (statute) miles downwind from the point of burst the early fall-out was observed in the form of fine particles which looked like snow. Fall-out began there about eight hours after the detonation and continued for several hours.

17. The roentgen is the commonly accepted unit of measurement of radiation dosage. A dose of about 25 roentgens of radioactivity received by a person over a brief space of time will produce temporary changes in the blood. A dose of some 100 roentgens received in a short interval may produce nausea and other symptoms of radiation sickness. About 450 roentgens delivered over a day or so might be fatal to approximately half of the persons so exposed. However, because of the body's repair processes, a total radiation dose which would be serious if incurred in a few minutes would produce much less effect if spread over a period of years. These statements may be helpful in understanding the data which follow.

18. The test explosion, at ground surface, contaminated a cigar-shaped area extending approximately *220 statute miles downwind and varying in width up to 40 miles.* In addition, there was a contaminated area upwind and crosswind extending possibly 20 miles from the point of detonation. Data was collected from 25 points on 5 atolls located from 10 to 330 miles downwind (generally east) from Bikini Atoll. Due to an unexpected shift in the direction of the prevailing winds in the higher altitudes, the fall-out missed the observation rafts that had been placed farther north previous to the test firing. The estimated contour of the pattern of fall-out is, therefore, based only in part on data obtained from actual measurements and partly on extrapolation, i.e., calculations based on known data, including factual information obtained during previous tests of smaller devices.

19. Data from this test permits *estimates* of casualties which would have been suffered within this contaminated area if it had been populated. These estimates assume: (1) that the people in the area would ignore even the most elementary precautions; (2) that they would not take shelter but would remain out of doors completely exposed for about 36 hours; and (3) that in consequence they would receive the maximum exposure. Therefore, it will be recognized that the estimates which follow are what might be termed *extreme estimates* since *they assume the worst possible* conditions.

20. On the basis of our data from this and other tests, it is estimated that, following the test explosion on March 1, 1954 there was sufficient radioactivity in a downwind belt about 140 miles in length and of varying width up to 20 miles to have seriously threatened the lives of nearly all persons in the area who *did not take protective measures.* During the actual tests, of course, there were no people in this zone. Inside Bikini Atoll at a point 10 miles downwind from the explosion it is estimated that the radiation dosage was about 5,000 roentgens for the first 36-hour period after the fall-out. The highest radiation measurement outside of Bikini Atoll indicated a dosage of 2,300 roentgens for the same period. This was in the northwestern part of the Rongelap Atoll, about 100 miles from the point of detonation. Additional measurements in Rongelap Atoll indicated dosages, for the first 36-hour period, of 2,000 roentgens at 110 miles, 1,000 roentgens at 125 miles, and, farther south, only 150 roentgens at 115 miles from Bikini.

21. Some distance farther from the point of detonation, at about 160 miles downwind and along the axis of the ellipse, the amount of radioactivity would have seriously threatened the lives of about one half of the persons in the area who *failed to take protective measures.* It is estimated that the radiation dosage at that point was about 500 roentgens for the first 36-hour period.

22. Near the outer edge of the cigar-shaped area, or approximately 190 miles downwind, it is estimated that the level of radioactivity would have been sufficient to have seriously threatened the lives of 5 to 10 per cent of any persons who might have remained exposed out of doors for the first 36 hours. In this area the radiation dosage is estimated at about 300 roentgens for the first 36-hour period.

23. Thus, about 7,000 square miles of territory downwind from the point of burst was so contaminated that survival *might* have depended upon prompt evacuation of the area or upon taking shelter and other protective measures.

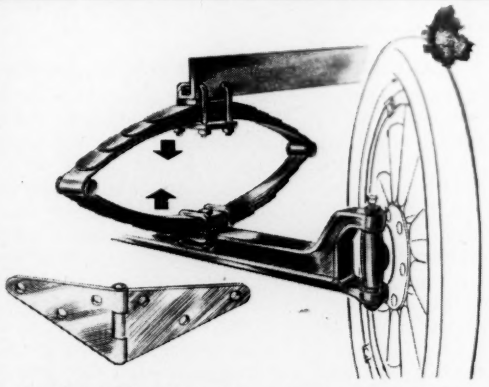
24. At a distance of 220 miles or more downwind, it is unlikely that any deaths would have occurred from radioactivity even if persons there had remained exposed up to 48 hours and had taken no safety measures.

25. The estimates cited above do not apply uniformly throughout the contaminated area inasmuch as the intensity of radioactivity within a region of heavy fall-out will vary

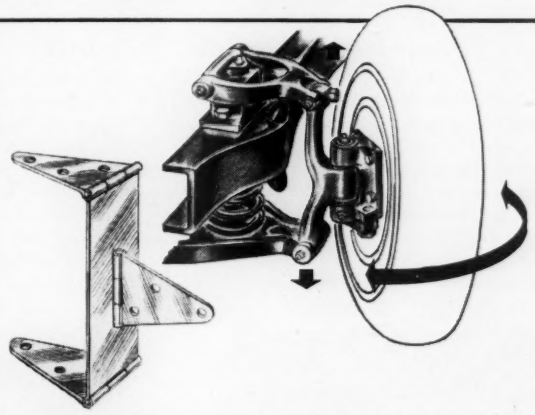
(Continued on page 132)

If your car has Thompson Products ball joints

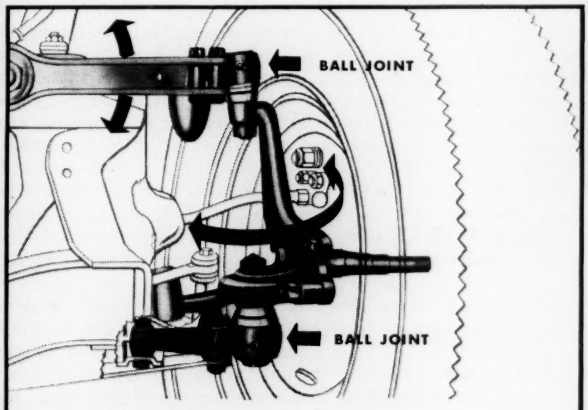
IT WILL HUG THE ROAD BETTER, STEER EASIER, RIDE SMOOTHER AND REQUIRE LESS SERVICING. HERE'S THE STORY:



On Early Cars the front wheels turned right or left as though they operated on door hinges. The entire axle moved up and down stiffly, both springs absorbing all shocks. Later, "knee action" gave each wheel its own springing action, but this greatly complicated the steering mechanism.



The Next Step retained the "hinge" principle, but the coil spring required an *additional* hinge action . . . this time up-and-down. Unfortunately, this meant more points of friction . . . more wear . . . more joints to become loose . . . more points to lubricate . . . and required very accurate alignment.



Thompson Ball Joint, the latest development, permits both right-and-left and up-and-down motions at one point. Steering and suspension movements are combined. The king pin and the old-fashioned "hinge" principle are done away with.

Ball Bearing Steering and Parking Ease is now added to over-all riding comfort. Even on rough, crooked roads, in any weather, steering is easier and safer. In the grueling 1,912 mile Pan American road race the *first four* winners were equipped with ball joints . . . *proof positive.*

LEADING CAR MAKERS ARE NOW USING this highly efficient ball joint for front wheel suspension. *Look for it on your next car.* Ball joints are typical of the many improvements developed by Thompson Products. For more than half a century, Thompson has been a leading producer of automotive parts . . . including valves, pistons, piston rings and chassis parts, as well as components for both piston and jet aircraft. Consumers and industries alike *count on Thompson* for the newest and the best. Thompson Products, Inc., General Offices, Cleveland 17, Ohio.

You can count on

Thompson Products

MANUFACTURERS OF AUTOMOTIVE, AIRCRAFT, INDUSTRIAL AND ELECTRONIC PRODUCTS. FACTORIES IN FIFTEEN CITIES.

from point to point due to such factors as air currents, rain, snow and other atmospheric conditions. Because of this and because most persons, if given sufficient warning, probably would evacuate the area or take shelter and other precautionary measures, the actual percentage of deaths could reasonably be presumed to be considerably *smaller* than these extreme estimates.

Protection Against Fall-out

26. In an area of heavy fall-out the greatest radiological hazard is that of exposure to *external* radiation. Simple precautionary measures can greatly reduce the hazard to life. Exposure can be reduced by taking shelter and by utilizing simple decontamination measures until such times as persons can leave the area. Test data indicate that the radiation level, i.e., the rate of exposure, indoors on the first floor of an ordinary frame house in a fall-out area would be about one half the level out of doors. Even greater protection would be afforded by a brick or stone house. Taking shelter in the basement of an average residence would reduce the radiation level to about one tenth that experienced out of doors. Shelter in an old-fashioned cyclone cellar, with a covering of earth three feet thick, would reduce the radiation level to about 1/5,000, or down to a level completely safe, in even the most heavily contaminated area. Designs of shelters of simple yet effective construction have been prepared by the Civil Defense Administration and are available to the public.

–FCDA

RECOMMENDED BASEMENT LEAN-TO

(Details about bomb shelters are available in a 35-cent pamphlet, "Home Shelters," from U. S. Government Printing Office, Washington 25, D.C.)

27. Radioactive material deposited during fall-out may or may not be visible but would be revealed by radiation-detection instruments such as Geiger counters. Any falling dust or ash that can be seen downwind within a few hours after a nuclear explosion should be regarded as radioactive until measured by a radiation-detection instrument and found to be harmless.

28. Care should be taken to avoid the use of solid foods or liquids that may contain fall-out particles.

29. If fall-out particles come into contact with the skin, hair or clothing, prompt decontamination precautions such as have been outlined by the Federal Civil Defense Administration will greatly reduce the danger. These include such simple measures as *thorough bathing of exposed parts of the body and a change of clothing.*

30. If persons in a heavy fall-out area heeded warning or notification of an attack and evacuated the area or availed themselves of adequate protective measures, the percentage of fatalities would be greatly reduced even in the zone of heaviest fall-out.

Fall-out From Nevada Tests

31. Only relatively small nuclear test explosions are conducted at the Nevada Test Site, in contrast to the tests of high-yield thermonuclear devices at the Pacific Proving Grounds. In Nevada, as well as in the Pacific, all tests are planned for times when forecast weather conditions minimize the possibility of fall-out hazard. Methods of forecasting weather patterns in these areas are improving steadily. High air bursts at the Nevada Test Site have produced no significant fall-out; heavy fall-out from near-surface explosions has extended only a few miles from the point of burst. The hazard had been successfully confined to the controlled area of the Test Site. The highest actual dose of radiation at an off-site community has been estimated to be *less than one third of the greatest amount of radiation which atomic-energy workers are permitted to receive each year under the Atomic Energy Commission's conservative safety standards.*

Internal Radiation Effects

32. Several basic facts should be kept in mind in evaluating the hazard from fall-out radiation. First, radiation is not a new phenomenon created by the explosions of fission and thermonuclear weapons. Since the beginning of life, living things have been exposed constantly to radiation from natural sources. Cosmic rays from space constantly pass through our bodies. We are exposed to "background" radiation from radium and radon in the soil, water and air. Our bodies have always contained naturally radioactive potassium and carbon.

33. As pointed out earlier, detonations of all atomic weapons produce radioactivity, a portion of which is carried to high altitudes and over great distances in the form of fine particles. The percentage of this radioactivity which travels beyond the relatively near area of the explosion depends largely on the conditions under which the bomb is fired, the percentage being higher for in-the-air bursts where the fireball does not touch the earth's surface. The most widespread radioactivity is produced only by the longer-lived fission products, since the radioactivity of the shorter-lived products decays and disappears before the particles come down to earth in a matter of days, weeks, months, and even years. The longer-lived radioactive products may be distributed over the entire earth. However, as the particles are carried farther and farther to remote areas, the possibility of significant amounts of fall-out decreases.

Radiostrontium Fall-out

34. One of the most biologically important radioactive substances found in fall-out is strontium-90. It has a long lifetime—nearly 30 years on the average. Radiostrontium has a chemical similarity to calcium and, therefore, when taken into the body it has a tendency to collect in the bones. Radiostrontium can enter the body in two ways—by inhaling or by swallowing. Normally, the amount inhaled would be small compared with the amount one might swallow. Fall-out material deposited directly on edible parts of plants may be eaten along with the plants, but washing the plants before they are eaten would remove most of this radioactive material. However, rainfall carrying the radiostrontium down to earth may deposit it in the soil where it can be taken up, in part, by plants

(Continued on page 134)

The hand that rocks the typewriter runs a home

In former days, when folks got wed
They knew just *who* did *what*—
While hubby earned the daily bread,
Friend wife kept up the old homestead
And bore the family tot.

Today friend wife still bears the pets
(One thing that doesn't change).
She also works to pay off debts
While hubby does a dish or gets
Food ready on the range.

Thus each can better understand
The other's strain and stress—
To grow more temperate in demand
As each one's interests expand
In warm "togetherness."

They shop together for their food,
Clothes, toiletries, or car.
So—if their favor's to be wooed,
Contact them in a *family* mood.
It's best that way—by far.

If, when you think about and map
Your selling strategy,
You wonder just how best to tap
This family interest overlap,
The answer's plain to see—

For in this category just
One publication falls;
In homes it's regularly discussed;
To sell the family it's a must.
We mean, of course . . .

As a matter of fact . . .

- *The advertising dollar revenue for February 1955 is the BIGGEST FEBRUARY in McCall's history.*
- *Advertising revenue for drugs and toiletries advertisers in February McCall's is the highest February in its history ($344,162.35).*

McCall's

Why Ike Approved H-Bomb Report

Following is full text of a statement issued on Feb. 16, 1955, by James C. Hagerty, Press Secretary to the President, giving Mr. Eisenhower's reasons for advance approval of the Atomic Energy Commission report on nuclear explosions:

I received last night and again this morning quite a few queries as to whether the President had seen the report of Lewis L. Strauss [Chairman of AEC].

Yes, he has, and has approved the issuance of the report. The President had thought there was a great deal of speculation, some of it exaggerated, on the effects of the fall-out and he thought that publication of the report would emphasize three important items:

1. He thought this would stress and re-emphasize the need for world peace and disarmament.

2. It would also point out what we believe is the need for the adoption by the United Nations of the President's atoms-for-peace proposal.

3. It would show the citizens of our nation how with adequate protection they could safeguard themselves and their families.

Those three reasons were the main reasons why the President approved the issuance of the report.

and incorporated into plant tissues, later to be eaten by humans or by grazing animals which, in turn, provide food for humans.

35. Since the start of nuclear tests, careful measurements have been made of the distribution of radiostrontium over the earth's surface, in the soils, in plants and animal tissues, in the oceans, in rain, in the atmosphere and in all forms in which it might be expected to occur. The results of this study are reassuring. The amount of radiostrontium now present in the soil as a result of all nuclear explosions to date would have to be increased many thousand times before any effect on humans would be noticeable.

Radioiodine Fall-out

36. Among the shorter-lived fission products involved in the study of internal radiation, the most biologically important is radioiodine-131, with an average life of only 11.5 days. Even though this product may be widely spread after a nuclear explosion, the possibility of serious hazard is limited by its relatively short life. Like the nonradioactive form of the element, it concentrates in the thyroid gland and, in excessive quantity, conceivably could damage the thyroid cells.

37. Scientists of the Atomic Energy Commission have estimated that the average exposure of people in the United States from radioiodine in the fall-out from the entire series of tests in the spring of 1954 was only a few per cent of the annual dose that can be received year after year and still have no noticeable effects.

38. These two isotopes—radiostrontium and radioiodine—constitute the principal internal hazards from the radioactivities produced by the detonations of atomic weapons, both fission and thermonuclear. The Atomic Energy Commission has been engaged for three years in a broad study of the radioactive forms of these isotopes and conducts year-round monitoring of these radioactivities in many locations. Any accumulation of these materials can be detected with great sensitivity so that ample warning of potential hazard could be given long before any actual danger occurred from test detonations. The amounts of radiostrontium and radioiodine which have fallen outside the areas near the test sites as a result of all atomic tests up to now are insignificant compared to concentrations that would be considered hazardous to health.

Genetic Effects of Radiation

39. One other effect of radiation must be considered in evaluating the long-range possibilities of hazard from nuclear detonations. This is the possible genetic effect upon the germ cells which transmit inherited characteristics from one generation to another. At our present stage of genetic knowledge, there is a rather wide range of admissible opinion on this subject.

40. In general, the total amount of radiation received by residents of the United States from all nuclear detonations to date, *including the Russian and British tests* and all of our own tests in the United States and the Pacific, has been about one tenth of one roentgen. This is only about 1/100th of the average radiation exposure inevitably received from natural causes by a person during his or her reproductive lifetime. It is about the same as the exposure received from one chest X ray.

41. The medical and biological advisers of the Atomic Energy Commission believe that the small amount of additional exposure of the general population of the United States from our nuclear-weapons testing program will not seriously affect the genetic constitution of human beings. Nevertheless, we are continuing our thorough study of the entire question and will continue to report our findings to the American people.

Summary

42. The Atomic Energy Commission hopes that the information on nuclear-weapons effects contained in the foregoing report will never be reflected in human experience as the result of war. However, until the possibility of an atomic attack is eliminated by a workable international plan for general disarmament, the study and evaluation of weapons effects and civil-defense-protection measures must be a necessary duty of our Government.

43. Inevitably, a certain element of risk is involved in the testing of nuclear weapons, just as there is some risk in manufacturing conventional explosives or in transporting inflammable substances such as oil or gasoline on our streets and highways. The degree of risk must be balanced against the great importance of the test programs to the security of the nation and of the free world. However, the degree of hazard can be evaluated with considerable accuracy and test conditions can be controlled to hold it to a minimum. None of the extensive data collected from all tests shows that residual radioactivity is being concentrated in dangerous amounts anywhere in the world outside the testing areas.

44. In the event of war involving the use of atomic weapons, the fall-out from large nuclear bombs exploded on or near the surface would create serious hazards to civilian populations in large areas outside the target zones. However, as mentioned in the foregoing report, there are many simple and highly effective precautionary measures which must be taken by individuals to reduce casualties to a minimum outside the immediate area of complete or near-complete destruction by blast and heat. Many of these protective measures, such as shelter and decontamination procedures have been detailed by the Federal Civil Defense Administration.

For an analysis of fall-out by Chairman Strauss of the Atomic Energy Commission, see page 35.

Annual Statements

☆ THE HOME ☆

Insurance Company

FIRE • AUTOMOBILE • MARINE

and THE HOME INDEMNITY COMPANY

Balance sheet of THE HOME INSURANCE COMPANY December 31, 1954

ADMITTED ASSETS		LIABILITIES	
United States Government Bonds	$ 81,571,962.52	Reserve for Unearned Premiums	$175,675,958.00
Other Bonds	94,561,406.92	Unpaid Losses and Loss Expenses	43,281,009.63
Preferred and Common Stocks	199,039,024.72	Taxes Payable	5,675,000.00
Cash in Office, Banks and Trust Companies	23,895,857.61	Reserves for Reinsurance	1,810,986.40
Investment in The Home Indemnity Company	20,031,763.00	Dividends Declared	2,000,000.00
Real Estate	7,169,468.45	Other Liabilities	4,647,561.32
Agents' Balances or Uncollected Premiums, less than 90 days due	21,077,696.08	Total Liabilities	$233,090,515.35
Other Admitted Assets	5,255,553.62	Capital	20,000,000.00
Total Admitted Assets	$452,602,732.92	Surplus	199,512,217.57
		Surplus as Regards Policyholders	$219,512,217.57
		Total	$452,602,732.92

NOTE: Bonds carried at $5,936,585.11 amortized value and cash $82,500.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners.

Balance sheet of THE HOME INDEMNITY COMPANY December 31, 1954

ADMITTED ASSETS		LIABILITIES	
United States Government Bonds	$ 20,981,611.72	Reserve for Unearned Premiums	$ 17,408,676.00
Other Bonds	17,898,690.96	Unpaid Losses and Loss Expenses	22,011,128.00
Preferred and Common Stocks	14,322,398.00	Taxes Payable	770,000.00
Cash in Office, Banks and Trust Companies	2,141,817.14	Reserves for Reinsurance	52,606.00
Agents' Balances or Uncollected Premiums, less than 90 days due	4,184,519.99	Other Liabilities	176,444.17
Other Admitted Assets	937,814.99	Total Liabilities	$ 40,418,854.17
Total Admitted Assets	$ 60,466,852.80	Capital	1,500,000.00
		Surplus	18,547,998.63
		Surplus as Regards Policyholders	$ 20,047,998.63
		Total	$ 60,466,852.80

NOTE: Bonds carried at $1,105,000.00 amortized value in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners.

HAROLD V. SMITH, *Chairman of the Board* — KENNETH E. BLACK, *President*

DIRECTORS OF THE HOME INSURANCE COMPANY

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Banker

HAROLD V. SMITH
Chairman of the Board

FREDERICK B. ADAMS
Chairman of Executive Committee, Atlantic Coast Line Railroad Co.

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Made for mountain going, this unique machine travels over the snow on pontoons. It glides over deep drifts, crawls up steep side slopes, with ease.

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for "snow-boat" pontoons with Inco Nickel in them

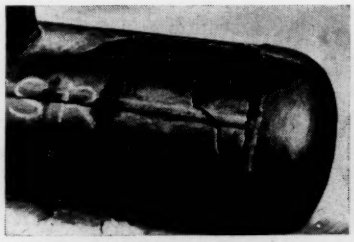
This blizzard blitzing machine, developed in the Northwest, slides swiftly over the snow on broad pontoon type runners. Propelled by cleated tracks, these pontoons take the deepest drifts, the steepest slopes, in stride.

As you might expect, there's Inco Nickel in them. It's in the pontoon bottoms, the smooth, rugged stainless steel sliding surfaces.

Snow, ice, and slush could soon cause these sliding surfaces to corrode or rust. So Inco Nickel is there to check corrosion, to help make these pontoon bottoms dependable and lasting.

Inco Nickel is also there to counteract the strength-sapping effect of the extreme cold. That's why these pontoons have so much resistance to shock and abrasion when sliding over frozen ground and rocks.

Today, Inco Nickel is a metal of many uses. If you want to see how this has come about, write for a free copy of "The Romance of Nickel." The International Nickel Company, Inc., Dept. 49d, New York 5, N. Y.



Sub-zero temperatures can be fatal for metals. At minus 320° F, this is what happened to an ordinary metal vessel, hit by a hammer with 1000 foot-pounds behind it. At the same temperature, a vessel made of steel with Inco Nickel in it withstood blows of 1500 foot-pounds. No fracture, no shattering!

With Inco Nickel in them . . . metals perform better, longer! In addition, Inco Nickel often makes metals easier to fabricate. It's used in the stainless steel that goes into the "snow-boat's" pontoon bottoms. As a result, this steel forms and welds easily, is more resistant to corrosion.

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›› British blueprint for atomic power is called both bold and necessary.

Bold because Britain is stepping ahead of all other countries with its large-scale program of building 12 atomic plants to supply commercial power.

Necessary because British energy needs will be increasingly outstripping British coal production, as the years go by. Atomic power will be a big help.

Britain's clear aim is to take the know-how resulting from this atomic program and sell it and reactor equipment to electricity-short countries.

›› British nuclear-power plans, still subject to change, run like this:

A dozen power plants are to be built by 1965. The first two would be started about mid-1957. Total capacity of all 12 plants: from 1.5 to 2 million kilowatts, equivalent to a quarter of the new generating capacity required during the next 10 years. Coal savings: 5 to 6 million tons a year.

Cost of electricity from these nuclear stations is estimated at seven tenths of a cent per kilowatt hour. This is about the same as the estimated future cost of electricity generated by new coal-fired plants.

Total cost of the 12 plants is reckoned at around 840 million dollars, of which 112 million would be for uranium fuel.

›› This 10-year program is just the beginning for Britain. After 1965, it may be decided to make all new generating capacity of the nuclear variety.

By 1975, on this assumption, nuclear-power stations will be delivering 10 to 15 million kilowatts and saving 40 million tons of coal a year for other uses. This is as much coal as is now being burned up to make British electricity.

›› The first commercial plants in Britain won't be operating until 1960-61.

But next year their first pilot plant of 50,000 kilowatts starts up and will gradually be feeding small amounts of electricity into the British system.

Two other developmental plants of 75,000 and 100,000 kilowatts are now building and will be in operation well before 1960. These three pilot plants use various kinds of reactors and will be valuable testing grounds for the commercial power program.

Manchester University this month is starting full-time courses in nuclear engineering. Hitherto, only a few people from industry have been trained by British atomic authorities. With many nuclear engineers, Britain hopes to grab the lead in the selling of atomic-power techniques and equipment overseas.

›› By way of comparison with these big British ideas--

In the U.S., one nuclear-power plant to supply commercial electricity is

(over)

being built near Pittsburgh. It will be completed in 1957 and is designed to furnish 60,000 kilowatts. It is being set up as a co-operative venture by private industry and the Atomic Energy Commission. The British program, by contrast, is to be Government-financed and operated, but built by private industry.

A big U.S. utility company is apparently now ready to go ahead on an atomic-power station without Government financial help. It is the first company to consider applying under the 1954 Atomic Energy Act, which authorizes atomic licenses for private industry. Other U.S. companies have similar plans.

The AEC in Washington plans to spend half a billion dollars in the next three years on development of atomic-power plants and other types of atomic "engines" for peaceful uses. A number of private firms will build and operate these plants under Government contract.

Canada expects to have a nuclear-power plant in operation in 1958. This will be a pilot type of operation with relatively small capacity.

Russia claims to have a small atomic-power station already in operation. Capacity--5,000 kilowatts--is about the same as experimental plants the U.S. Government has been operating for some time past. A second installation of the same sort is reported being built now by Soviet scientists.

Western Europe countries, either in groups or singly, are experimenting with atomic reactors, looking forward to commercial applications.

>> An international conference on peaceful uses of atomic energy is to be held in Geneva next summer under United Nations auspices.

With an international race getting under way in this field, the Geneva meeting will bear watching. There will be much interest in what the Russian scientists come up with at Geneva.

>> The Canadian Government last week took a very unusual step. In effect, it intentionally undermined the exchange rate of the Canadian dollar.

The Bank of Canada reduced its discount rate from 2 to 1½ per cent. This tends to affect the whole interest-rate structure in Canada and makes the Canadian market less attractive to foreign investors. Conversely, U.S. investments look more attractive to Canadians.

Effect of the discount-rate change is to depress the Canadian dollar, down last week to $1.02¼ in American funds. In late January, it was $1.03½ and had been close to that high level since last summer.

The premium that the Canadian dollar commands over the U.S. dollar is what many Canadians want to get rid of. It irritates American tourists. It makes selling exports difficult for Canadians, whose costs are high anyway. It attracts speculative funds to Canada--"hot" money that can leave as fast as it comes.

The lower Canadian dollar is widely welcomed in Canada.

>> New French Cabinet will take office in the midst of great prosperity, but will immediately have to watch inflationary danger signals closely.

Consumer prices are edging up. There is little unemployment, heavy demand for goods, rising clamor for higher wages. Labor costs are bound to increase and material prices trend upward. But, if French manufacturing costs go up, export prices will, too. It's only export subsidies that make many French exports competitive, as it is. More subsidies, larger Government expenditures loom.

Pierre Mendès-France left quite an economic legacy to cope with.

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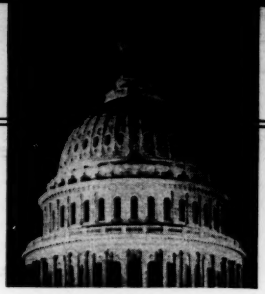

WHY RUSSIA SHOULD BE EXPELLED FROM THE U. N.

BY DAVID LAWRENCE

MUCH OF THE TROUBLE in which the free governments of the world find themselves today is due to a failure to steer by the compass of moral principle.

Governments that appease the aggressor go from the frying pan into the fire as they build up complications for themselves by their successive retreats.

The indictment was summed up succinctly last week by Secretary of State Dulles when he said:

"The United Nations Charter of 1945 binds sixty nations to refrain in their international relations from the threat or use of force. But there has been armed aggression in Korea which was promoted by Soviet Russia, and later Communist China was found guilty of armed aggression there."

The world for some time has known about the repeated violations of the U. N. Charter by the Soviet Union. The principal evidence was furnished by its own representative, who publicly boasted to the U. N. in March 1953 that the Soviet Union had supplied armaments to the Red China government throughout the Korean war. In that war more than 33,500 American boys were killed and 103,000 wounded.

The Soviet Union, moreover, gave military assistance to Red China notwithstanding the fact that in February 1951 the Peiping government was formally declared by resolution of the U. N. to be an "aggressor." The Moscow government ignored the U. N. warning that all members should refrain from rendering assistance to the aggressor.

The act of aggression is even more flagrant because it has been directed against the armed forces of the United Nations itself.

The United Nations is still in a state of war with both the Communist Chinese and the Communist government of North Korea. An armistice has been signed, but no treaty of peace has been consummated. Nevertheless military aid to the aggressors from Soviet Russia continues. Russian-built MIGs are commonplace in the skies of Korea.

This is in the face of the plain language of Article 2 of the Charter, which provides:

"All members shall give the United Nations every assistance in any action it takes in accordance with the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action."

The United Nations Charter specifies exactly how offenses of a traitorous member shall be dealt with by the other members. Article 6 reads as follows:

"A member of the United Nations which has persistently violated the Principles contained in the present Charter may be expelled from the Organization by the General Assembly upon the recommendation of the Security Council."

It will be argued, of course, that the Security Council would not so recommend because the Soviet Union could block such a step by exercising her veto in the Council. The fact is, however, that the Soviet Union, being a party to the dispute, would have no right to vote at all. Article 27 of the Charter covers that point by declaring that decisions of the Security Council shall be made by an affirmative vote of seven members, including the concurring votes of the permanent members, provided, however, that "a party to a dispute shall abstain from voting."

It has been contended that the Soviet Union had obligations under a treaty with China to come to the assistance of that country on the basis of an offensive and defensive alliance. But Article 103 says:

"In the event of a conflict between the obligations of the members of the United Nations under the present Charter and their obligations under any other international agreement, their obligations under the present Charter shall prevail."

The Charter declares that membership in the United Nations shall be open to "peace-loving states" willing to accept the obligations of membership. The Soviet Union, however, has disregarded its obligations to the U. N.

By aiding Red China and North Korea, which are at war with the United Nations, the Soviet Government has forfeited its seat in the U. N. That seat should be declared vacant by a formal resolution. It would constitute notification to the people of Soviet Russia that their government had demonstrated its incapacity to fulfill international obligations, and had become a menace to peace-loving nations. The kind of government a nation chooses is its own affair, but only up to the point where such a government does not become a threat to world peace.

Some day, when a free government arises in Russia, the seat in the U. N. declared vacant could be awarded to such a new government. But today the Moscow regime must be expelled if the United Nations is to retain the respect of the world as an organization obedient to law—the words of its own Charter.

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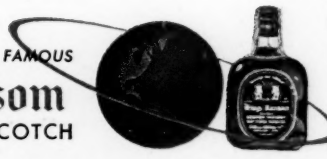

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